

TAB 1

Prepared by	Client	Date
	United States Marine Corps	June 21, 2006

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USMC Real Property Process Memorandum.....1-2

The United States Marine Corps (USMC) Real Property portion of General Plant, Property and Equipment (PP&E) financial statement line item Process Memorandum presents the processes, personnel and systems engaged in the reporting of Marine Corps Real Property, at the Headquarters, Marine Corps (HQMC) and field level.

USMC Real Property Risk and Control Analysis Documents.....1-30

**United States Marine Corps
Real Property
Process Memorandum**

Purpose

The purpose of this Process Memorandum is to identify the processes and controls used by the United States Marine Corps for reporting the Real Property portion of General PP&E financial statement line item in the Audited Financial Statements (AFS). It documents:

- **The Scope of Processes and Operations;**
- **Understanding of how each key process operates;**
- **Understanding of the process-level business / financial statement risks and controls; and,**
- **Directs the Auditor to the Documented Support for the Discovery and Correction Phase (Phase I) and the Validation Phase (Phase II).**

This Process Memorandum was developed from information provided by subject matter experts within USMC Accounting and Financial Systems Branch (RFA) and includes information taken from the Financial Improvement Initiative, Phase II, *Validation Field Work of the Marine Corps Mid-Range Financial Improvements and Corrective Actions.*

The approval to move forward to the Assertion Phase is based upon the *Marine Corps 2005 Financial Validation and Reporting Cycle Memo* prepared by the Naval Audit Service, (NAS). This document acknowledges the accomplishments and approves moving forward based upon the results of the review Phase I and II Deliverables.

This Process Memorandum includes the following sections:

- 1.0 [Definition, and Scope](#)
- 2.0 [Process Operations](#)
- 3.0 [Computer Information Systems](#)
- 4.0 [Risk and Control Analysis Documents](#)
 - 4.1 [Control Test Plans](#)
 - Barstow
 - MARFORCOM
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 - MCCDC
 - Parris Island
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1.0 Definition

The Marine Corps Real Property portions of General PP&E are reported on the Balance Sheet. The purpose of the Balance Sheet is to ensure that the Marine Corps maintains accurate and reliable proprietary account financial information. The intent of this statement is to present, as of a specific time, amounts of future economic and financial benefits own or managed by the Marine Corps (Assets), exclusive of items subject to stewardship reporting, amounts owed (Liabilities), and amounts which comprise the difference (Net Position).

General PP&E consists of tangible assets that (1) have an estimated useful life of two years or more, (2) are not intended for sale in the ordinary course of operations, (3) have been acquired or constructed with the intention of being used or being available for use by the entity, and (4) meet the DoD capitalization threshold of \$100,000. Property, Plant and Equipment (PP&E) includes assets acquired by the Marine Corps through a capital lease and property owned by the Marine Corps in the hands of others. Property, Plant and Equipment (PP&E) is comprised of three broad categories: General PP&E, Heritage Assets, and Stewardship Land. Within General PP&E are Real Property and Personal Property. Real Property consists of lands, buildings, structures, utilities systems, and improvements. Real Property includes equipment attached to and made part of buildings and structures (such as heating systems) but not movable equipment (such as plant equipment).

This Process Memorandum is for the United States Marine Corp Standalone Appropriations related to Real Property. The memorandum (1) identifies the process transactions, each significant accounting application, and each significant financial management system included in the process, (2) describes interfaces with other processes, (3) identifies financial statement line items and general ledger accounts included in the process, (4) describes the operating policies and procedures relating to the processing of financial transactions and (5) identifies major internal controls. The Process Memorandum may also include information on FFMIA requirements considered to this point, such as systems requirements and the SGL.

Scope.

This Process Memorandum is for assertion pertaining to the United States Marine Corp Real Property appropriations; by providing an overview of the concepts, definitions, and criteria for classifying assets as Real Property, as well as, reporting the financial disclosures on the Balance Sheet. A summary of these appropriations is in the Marine Corps Appropriations section.

2.0 Process Operations

This Process Memorandum Process Operations section documents the Marine Corps Real Property portion of General PP&E financial statement line item processes.

2.1 Real Property

Background

Real Property consists of land, buildings, structures, and the capitalized improvements to these assets that are reported to the General PP&E financial statement line item.¹ The types of Real Property are described in Table 1, *Real Property Types*.

Real Property Types	
Type	Description
Land	<ul style="list-style-type: none"> Includes not only “land” but also the rights to it, such as easements. Land is considered a non-wasting asset.
Buildings, Structures & Facilities	<ul style="list-style-type: none"> Includes tangible, man-made structures that are permanently affixed or attached to land.
Leasehold Improvements	<ul style="list-style-type: none"> Includes capitalized improvements or upgrades to a leased Real Property.
Construction-in-Progress	<ul style="list-style-type: none"> Includes Real Property assets that may be in the beginning, middle, or ending stages of research, testing, development, evaluation or construction, but are not considered fully completed.
Assets Under Capital Lease	<ul style="list-style-type: none"> Includes Real Property assets that are under a lease agreement or contract, and therefore are not owned outright by the Marine Corps.

Table 1: Real Property Types.

Note: Real Property also includes equipment attached to and made part of buildings and structures of a fixed permanent nature (such as utility and weapon systems) but not moveable equipment (such as plant equipment).

Criteria for classification: An asset is identified as Real Property based on the following criteria:

- An acquisition cost equal to or greater than the DoD capitalization threshold of \$100,000.
- A useful life of at least 2 years.
- Not intended for sale in the ordinary course of operations.
- Acquired with the intention of being used in an operational capacity.

¹ DoDFMR Volume 4, Chapter 6, *Property, Plant and Equipment*

Footnote Disclosure: Real Property footnotes that appear under the General PP&E financial statement line item on the Balance Sheet provide the following information on Real Property assets:

- ***Net Book Value:*** The recorded cost of Real Property assets, less its accumulated depreciation.
- ***Estimated Useful Life:*** The period of time in which Real Property can be depreciated before the book value reaches \$0.
- ***Straight-line Depreciation:*** Must be applied to any Real Property asset with the exception of land, and it is a method that divides the total cost of the asset by the estimated useful life the asset is expected to yield.

Methods of Acquisition: There are eight methods of acquiring Real Property defined in the DoDFMR, Volume 5, Chapter 6, *Property, Plant and Equipment*. Table 2, *Real Property Acquisition Methods*, presents the acquisition methods applicable to the Marine Corps.

Acquisition Method	Description
Donated Real Property	<ul style="list-style-type: none"> ▪ Includes items that are acquired through donation, execution of a will or judicial process, but excluding forfeiture.
Capital Lease Real Property	<ul style="list-style-type: none"> ▪ Consists of assets that are acquired under a Capital Lease, which states that the asset is under a contract and will have terms of agreement with payment, interest rate, renewal and extension information.
Transferred Real Property	<ul style="list-style-type: none"> ▪ Consists of Real Property acquired through transfer from another DoD component or Federal agency.

Table 2: Real Property Acquisition Methods.

Capitalization Threshold: The capitalization threshold for Real Property acquisition cost is \$100,000. The Real Property assets that meet and exceed the capitalization threshold will be reported with the capitalized amounts and accumulated depreciation on the financial statements. The Real Property assets that do not meet the capitalization threshold will be expensed in the period acquired.

Lifecycle: The Real Property lifecycle pertains to the execution of the four major business events currently processed at the Installation level. The organizations responsible for managing Real Property during the assets lifecycle are vital to the Marine Corps reporting financial data for Real Property. Capital expenditures resulting in producing transactional data for Real Property assets occur during the following phases of the Real Property lifecycle:

- Planning
- Acquisition
- Facilities Management
- Disposal

Execution of the business events involved with managing Real Property Assets during these phases trigger the entry of the accounting transactions listed in Table 3, *Real Property Accounting Transactions*, into Marine Corps accounting systems.

Real Property Accounting Transactions		
Debit	Credit	Transaction
1711 Land and Land Rights	2110 Accounts Payable	Records the acquisition cost incurred by the Marine Corps for land.
1730 Buildings Improvements and Renovations	2110 Accounts Payable 1720 Construction-in-Progress 5720 Financial Resources Transferred in w/o Reimbursement	Records the acquisition cost of DoD-controlled buildings and accounts for the costs of capitalized improvements.
1739 Accumulated Depreciation on Buildings, Improvements and Renovations	1730 Buildings, Improvements and Renovations	Writes off fully depreciated buildings, improvements and renovations.

Table 3: Real Property Accounting Transactions.

All Real Property assets acquired must be recognized for accounting and reporting purposes in the property accountability records or systems. The Real Property assets are reported in the Internet Navy Facilities Asset Data Store (iNFADS), which is owned by Naval Facilities Engineering Command (NAVFAC) and operated by the NAVFAC Information Technology Center (NITC). This data is then provided to the Office of Financial Operations (FMO) for inclusion in the Department of Navy (DoN) Consolidated Financial Statements.

2.1.1 Financial Reporting

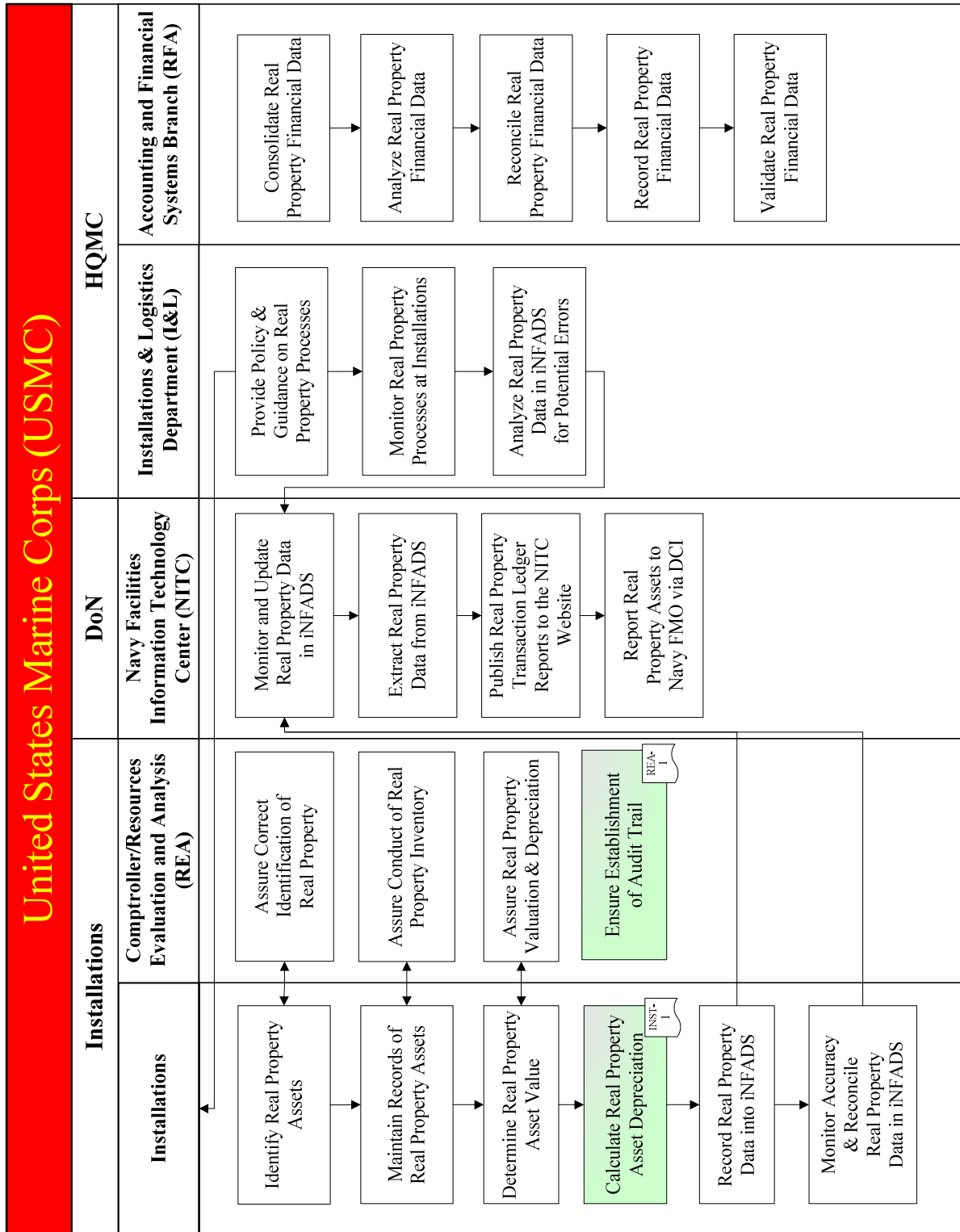
The Real Property financial reporting process documents the flow of information, the executed steps, and the documentation generated to support the identification, valuation, monitoring, reporting, and validation of Real Property from the Installation-level to HQMC, and ultimately onto the Marine Corps Financial Statements.

The process for reporting Real Property financial information begins at the Installation-level. Installations are responsible for identifying, maintaining and valuating Real Property assets, as well as recording Real Property data in iNFADS, creating a Property Record Card¹. Installations are responsible for monitoring the accuracy of Real Property information entered into iNFADS. The Comptroller/REA function at the Installation is responsible for assuring the proper execution of Real Property processes. The Installations & Logistics (I&L), Facilities Branch (LFF) exercises oversight of Installations Real Property processes, and analyzes Real Property data in iNFADS to detect potential errors. The LFF also provides policy and guidance to Installations concerning Real Property processes. NITC maintains iNFADS, monitors and updates property record information provided by Installations and finally reports the Real Property data to the Navy Office of Financial Operations (FMO) via the Data Collection Module (DCM). The RFA ensures that the Real Property balance is recorded and incorporated into the General PP&E financial statement line item on the financial statements.

Figure 1, *Real Property Summary Process* on the following page, depicts the processes for reporting Real Property on the financial statements.

¹ In some cases, Installations that do not have the capability to interface with iNFADS may request I&L to enter and monitor Real Property data into iNFADS.

High Level Process Flowchart - Real Property



2.1.4.1 Installations

Marine Corps Installations are responsible for (1) identifying Real Property assets, (2) maintaining records of Real Property assets, (3) valuating Real Property, (4) calculating depreciation on Real Property assets (5) recording Real Property information into iNFADS, (6) monitoring Real Property information in iNFADS for accuracy, and (7) reconciling Real Property information in iNFADS.

2.1.4.1.1 Identifying Real Property

This process begins when Real Property assets are acquired or when construction of Real Property commences. Real Property assets are identified and categorized according to the guidelines prescribed by DoDFMR Volume 4, Chapter 6, *Property, Plant and Equipment*. Table 4, *Identifying Real Property*, lists the steps used by the Installations to determine this information.

Step	Process	Description
1	Identify Real Property	<ul style="list-style-type: none"> ▪ Identify Real Property assets based on the criteria for classification <ul style="list-style-type: none"> - Capitalization threshold of \$100,000 - Useful life of 2 years - Not intended for sale in the ordinary course of operations - Acquired with the intention of being used in an operational capacity
2	Determine Class of Real Property	<ul style="list-style-type: none"> ▪ Apply one of five Real Property subcategories: <ul style="list-style-type: none"> - Land - Buildings, Structures and Facilities - Leaseholder Improvements - Assets Under Capital Lease - Construction-In-Progress

Table 4: Identifying Real Property.

Marine Corps Real Property assets (land, buildings, structures and facilities, leaseholder improvements, assets under capital lease, and construction in progress) must be recorded in iNFADS (creating the Property Record Card), recorded in the general ledger, and reported on the Marine Corps Financial Statements. Summary Property Records must be reconcilable to Departmental-level account balances with clear audit trails to the Real Property assets making up general ledger account balances.

2.1.4.1.2 Maintaining Real Property Asset Records

The Installations maintain Real Property asset records, which is the next step in the reporting process. Physical inventories are required to provide a comparison of all Real Property records to physical assets to ensure that all items are correctly valued and recorded in iNFADS. Table 5, *Real Property Forms*, lists Real Property forms used during this process and their purpose in facilitating accountability for Real Property during their life cycle.

Real Property Forms	
Form	Purpose
DD 1391 <i>Military Construction Project Data</i>	<ul style="list-style-type: none"> Records the financial data involved with the construction and creation of Real Property.
DD 1354 <i>Transfer and Acceptance of Military Real Property</i>	<ul style="list-style-type: none"> Reports Transfer and Acceptance of Military Real Property for purposes of accountability.
Standard Form 118 (SF118) <i>Excess Real Property</i>	<ul style="list-style-type: none"> Documents existence of obsolete or excess Real Property.
NAVMC Form 10956 <i>Summary for Correction of Facility Deficiencies</i>	<ul style="list-style-type: none"> Records the data associated with applying improvements to Real Property assets.
Ingrant Request	<ul style="list-style-type: none"> Conveys Real Property use to the Marine Corps, usually for a specified consideration (rent or other remuneration).
Outgrant Request	<ul style="list-style-type: none"> Conveys the use of Marine Corps property (land, building or utility) to either a Government agency or private concern, usually for a specified consideration (rent of other remuneration).

Table 5: Real Property Form Summary.

The DoDFMR Volume 4, Chapter 6, *Property, Plant and Equipment* requires that a physical inventory of Real Property be conducted at least every 5 years. Marine Corps Installations may conduct more frequent physical inventories.

Table 6, *Maintaining Real Property Asset Records*, describes the process that the Installations are required to perform in order to maintain Real Property asset information.

Step	Process	Description
1	Perform the Physical Real Property Asset Count	<ul style="list-style-type: none"> Perform inventory of Real Property (equipment) at least every 5 years.
2	Maintain the Property Accountability Record	<ul style="list-style-type: none"> Perform physical accounting and research. Perform location survey/reconciliation. Perform quality control checks. Perform asset discrepancies report initiation, research and resolution. Investigate and assess financial liability for loss, damage, and destruction of Real Property. Perform appropriate actions necessary to ensure that the physical property and the property accountability record quantity are in agreement.
3	Manage and Control Real Property Asset Records	<ul style="list-style-type: none"> Monitor Real Property data based on the following: <ul style="list-style-type: none"> Location of Real Property asset. Asset condition. Information in the property records.
4	Maintain Supporting Documentation for All Real Property Assets	<ul style="list-style-type: none"> The Installations Real Property Accounting Office updates and maintains Property Records.

Table 6: Maintaining Real Property Asset Records.

2.1.4.1.3 Valuating Real Property

Real Property assets should be valued, upon acquisition or installation, for financial statement presentation using (1) Acquisition Cost, (2) Net Book Value (NBV) or (3) Fair Market Value.¹

- Acquisition Cost is the original purchase, construction or development cost, less any purchase discounts.
- Net Book Value is the recorded cost of a Real Property asset, less its accumulated depreciation.
- Fair Market Value is unbiased, equitable, based on the cost of a similar asset, or the price that an impartial buyer would be willing to pay for the asset or a similar asset.

The cost of Real Property assets includes both the Recorded Cost and Deferred Maintenance costs. The method in which an asset was acquired will determine the valuation method used to determine the Recorded Cost. The cost assigned to each Real Property asset is reported to iNFADS and recorded on the Property Record Cards. Table 7, *Real Property Valuation Methodology*, lists the valuation methods used by Installations to value Real Property assets and the acquisition methods that dictate the use of the associated valuation methods.

No.	Valuation Method	Acquisition Method
1	Acquisition Cost	<ul style="list-style-type: none"> ▪ Purchased Real Property – Real Property purchased from third party (private, commercial or Government) by cash, check, installment or progress payments on contracts, or capital lease. ▪ Capital Lease – Real Property acquired under a capital lease are valued at the liability of the capital lease at its inception, plus any consideration given.
2	Net Book Value	<ul style="list-style-type: none"> ▪ Transferred Real Property – Real Property transferred from another DoD Component or Federal agency is recorded as the transferring entity's book value less accumulated depreciation. If the receiving DoD Component cannot reasonably ascertain those amounts, the fair market value at the time of transfer shall be recorded. ▪ Real Property Acquired by Trade-In – Real Property acquired when trading in another Real Property asset is equal to the sum of the book value of the asset traded, plus any cash paid or liabilities assumed for the new asset.

¹ DoDFMR Volume 4, Chapter 6, *Property, Plant and Equipment*, Section 060202

No.	Valuation Method	Acquisition Method
3	Fair Market Value	<ul style="list-style-type: none"> ▪ Donated Real Property – Real Property acquired through donation, execution of a will or judicial process, excluding forfeiture, at the time the asset is acquired. ▪ Exchanged Real Property – Real Property acquired through exchange between the DoD and a non-Federal entity is valued at the fair value of the Real Property surrendered at the time of the exchange, subject to the following exceptions: <ul style="list-style-type: none"> - If fair value of Real Property acquired is more determinable than Real Property surrendered, the cost is fair market value of property acquired. - If fair value cannot be determined, the cost of Real Property acquired shall be the cost recorded for Real Property surrendered, net of any accumulated depreciation. - If cash consideration is included in the exchange, the cost of Real Property acquired shall be increased by amount of cash surrendered or decreased by amount of cash received. - If fair value of Real Property acquired is less than the Real Property surrendered, the property acquired shall be valued at its cost, and subsequently reduced to its fair value. ▪ Seized and Forfeited Real Property – Real Property acquired through seizure or forfeiture shall be its fair market value, less any liens or claims from a third party.

Table 7: Real Property Valuation Methodology.¹

¹ DoDFMR Volume 4, Chapter 6 *Property, Plant and Equipment*

Recorded Cost is the amount(s) paid to bring the property to a form and location suitable for its intended use and are identifiable and material to the value of the asset. It is the basis for the computation of depreciation. In addition to the amount paid to the vendor, additional ancillary costs that are identifiable are included in the recorded cost. Examples of ancillary costs include the following:

- Transportation charges to the point of initial use.
- Handling and storage costs.
- Labor and other direct or indirect production costs (for assets produced or constructed).
- Engineering, architectural and other outside services for designs, plans, specifications, and surveys.
- Acquisition and preparation costs of buildings and other facilities.
- An appropriate share of the cost of the equipment and facilities used in construction work.
- Fixed equipment and related installation costs required for activities in a building or facility.
- Direct costs of inspection, supervision and administration of construction contracts and construction work.
- Legal and recording fees and damage claims.
- Fair value of facilities and equipment donated to the Department.
- Interest paid (not including late payment interest penalties).

Deferred Maintenance is maintenance that was not performed when it should have been (or was scheduled to be) and therefore is delayed to a future period. Maintenance includes preventive maintenance, normal repairs, replacement of parts and structural components and other activities needed to preserve the asset so that it continues to provide acceptable service and achieves its expected life. Maintenance excludes activities aimed at expanding the capacity or capability of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, those originally intended.

Deferred Maintenance amounts are required to be reported for Real Property costs that meet or exceed the capitalization threshold. Deferred maintenance information for immaterial amounts may be replaced by a brief statement indicating that the DoD Component does not have any material deferred maintenance to report. For the deferred maintenance purposes, the term “field-level maintenance” includes all non-depot-level maintenance activities (e.g., organizational, intermediate, and regional).

2.1.4.1.4 Depreciating Real Property

DoD policy only permits the use of the straight-line method of depreciation for Real Property assets.¹ In straight-line depreciation it is assumed that an asset will lose an equal amount of its value each year of its estimated useful life. The depreciation of Real Property assets depends upon the recorded cost of the asset, the asset’s salvage value, and the asset’s useful life or recovery period. The steps for arriving at the depreciation cost are discussed below in Sections 2.1.4.1.4.1 through 2.1.4.1.4.3.

¹ DoDFMR Volume 4, Chapter 6, *Property, Plant and Equipment*, Section 060206

2.1.4.1.4.1 Determining Depreciation Start Date

Depreciation of Real Property assets begins when the asset is installed, available, and ready for use as indicated by the supporting documentation. The commencement of depreciation is based on either (1) the Month Available for Service Method or (2) the Mid-Year Convention Method. These methods are described below in Table 8, *Commencement of Depreciation Methods*.

No.	Depreciation Commencement Method	Description
1	Month Available for Service Method	<ul style="list-style-type: none"> Uses the month the asset was available for use, regardless of whether it was actually used, as the month used to begin the calculation of depreciation expense for the first year.
2	Mid-Year Convention Method	<ul style="list-style-type: none"> Computes and expenses six months of depreciation in the first and last year of an asset's useful life, regardless of the actual month the asset was placed in, or removed from, service.

Table 8: Commencement of Depreciation Methods.

2.1.4.1.4.2 Determining Depreciable Basis

At the start of the depreciation period, the depreciable basis of the asset is calculated. The depreciable basis of General PP&E assets is the recorded cost reduced by the asset's salvage value. For Real Property the salvage value equals zero and therefore should not be considered when determining the depreciable basis. Note that land is not subject to depreciation. Land rights shall be amortized over the specified time period for which they are valid. When land and a building are purchased together, the depreciable basis for the building is the total purchase cost less the actual cost, or estimated value, of the land.

2.1.4.1.4.3 Calculating Depreciation

Using straight-line depreciation, the depreciable basis will be divided by the useful life of the asset. The resulting figure will be the yearly depreciation for the asset, which is added to the accumulated depreciation account for the asset every year until the end of its useful life. The accumulated depreciation account is the contra-account for the asset on the Balance Sheet. As the accumulated depreciation account increases, the asset value account decreases until the asset value is reduced to zero, at the end of its useful life.

Figure 2, *Determining Real Property Depreciation*, illustrates the Installations Real Property asset depreciation process.

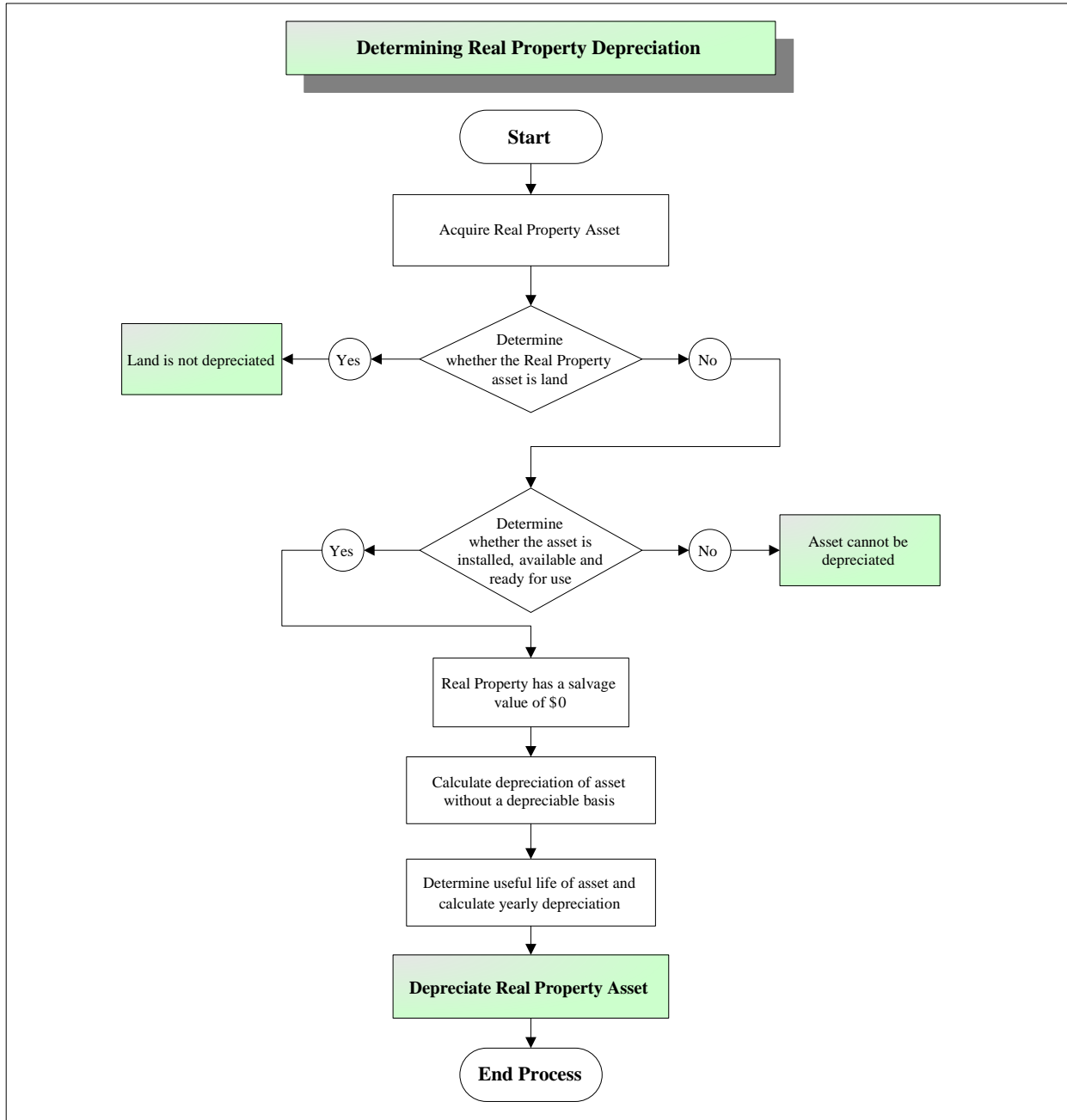


Figure 2: Determining Real Property Depreciation.

Table 9, *Real Property Useful Life*, defines the useful life for different types of Real Property assets¹.

Real Property Assets	Useful Life
▪ Buildings, Hangers, Warehouses, Fuel Storage Buildings, Air Traffic Control Towers, and Other Real Property Buildings.	40 years
▪ Improvements to leased buildings and other Real Property (leasehold improvements).	Remainder of lease period or 20 years whichever is less
▪ Land rights of limited duration.	Over the specified duration

Table 9: Real Property Useful Life.

Once a Real Property asset is completely depreciated it may continue to be used by the Marine Corps in excess of its stated useful life or the asset will be traded, salvaged or disposed/retired. Assets that are used in excess of their useful life shall be retained in iNFADS, as well as the accounting records, and reflect both recorded cost and accumulated depreciation until disposition of the asset.

2.1.4.1.5 Recording Real Property

The Installations are responsible for entering Real Property data into iNFADS. Entries into iNFADS are made when Real Property is acquired or when construction is completed. The entry of Real Property data into iNFADS creates the Property Record Card.

2.1.4.1.6 Monitoring Real Property

Installations monitor the Real Property data that is entered into iNFADS for accuracy. This is done by comparing Installation-level Real Property records to data in iNFADS. Monitoring of Real Property data is carried out by Installations as necessary to correct and update information.

2.1.4.1.7 Reconciling Real Property

Installations reconcile Property Record Cards against the monthly transaction ledger report that is published on the NITC website. The totals from the Property Record Cards are used to verify dollar values in iNFADS. If the Property Record Card does not reconcile to the transaction ledger, the Installations Real Property Accounting Office (RAO) updates iNFADS with the correct information. In some instances where there is a system issue, the RAO cannot correct the discrepancy. The system issue is escalated to NITC to resolve.

¹ DoDFMR, Volume 4, Chapter 6, *Property, Plant and Equipment*, Section 060206

Figures 3 and 4, *iNFADS Screenshot 1* and *iNFADS Screenshot 2*, show some of the fields and Property Record information presented in iNFADS, such as location, type of construction, acquisition cost, size, function, users and condition.

Internet Navy Facility Assets Data Store - Production 27-APR-2005

Action Reports Navigate Help Window

Facility Planning Document

FPD UIC: M67001 MCB CAMP LEJEUNE NC Alt Host:
 Category Code: 17110 ACADEMIC INSTRUCTION BLDG Sup Tenant:
 Special Area: FA MONTFORD POINT Rqmt Approval: 18-FEB-2004 Requirement: 12-MAY-2004
 Latest Change: 07-FEB-2005

	Requirement	UM	Adequate	Substandard	Inadequate	Other Assets	Deficient	Surplus
Area	184,730.00	SF	45,000.00	14,138.00	104,470.00	.00	139,730.00	
Other								
Alternate	1,999.00	PN	200.00	124.00	1,627.00	.00	1,799.00	

Total Proposed Adequate Assets... 184,730.00 Result of Proposed Action...

Existing Assets Acquisitions Action Notes General Notes Documents

Fac Num	Pr Num	OG	Cond	Measurement	Def Codes	Action	Reference	Scope	NT
M104	203847		INAD	13,010.00	A20A23G09	DISPOS	P828	- 13,010.00	02
M123	203682		INAD	3,240.00	A30C30E04	DISPOS	P1033	- 3,240.00	01
M124	203714		INAD	3,240.00	A30C30E04	DISPOS	P1033	- 3,240.00	01
M125	203715		INAD	3,240.00	A30C30E04	DISPOS	P1033	- 3,240.00	01
M126	203716		INAD	3,240.00	A30C30E04	DISPOS	P1033	- 3,240.00	01
M127	203713		INAD	3,240.00	A30C30E04	DISPOS	P1033	- 3,240.00	01
M132	203851		INAD	8,276.00	A30C30E04	DISPOS	P1033	- 8,276.00	01
M201	203767		INAD	4,440.00	A30C30E04	DISPOS	P172	- 4,440.00	01
M216	203855		INAD	3,240.00	A30C30E04	DISPOS	P172	- 3,240.00	01
M218	203734		INAD	3,240.00	A30C30E04	DISPOS	P172	- 3,240.00	01

Figure 3: iNFADS Screenshot 1.

Internet Navy Facility Assets Data Store - Production 27-APR-2005

Action Reports Navigate Help Window

Facility Planning Document

FPD UIC: M67001 MCB CAMP LEJEUNE NC Alt Host:
 Category Code: 17110 ACADEMIC INSTRUCTION BLDG Sup Tenant:
 Special Area: FA MONTFORD POINT Rqmt Approval: 18-FEB-2004 Requirement: 12-MAY-2004 Latest Change: 07-FEB-2005

	Requirement	UM	Adequate	Substandard	Inadequate	Other Assets	Deficient	Surplus
Area	184,730.00	SF	45,000.00	14,138.00	104,470.00	.00	139,730.00	
Other								
Alternate	1,999.00	PN	200.00	124.00	1,627.00	.00	1,799.00	

Total Proposed Adequate Assets... 184,730.00 Result of Proposed Action...

Existing Assets Acquisitions Action Notes General Notes Documents

01 P172/P1033: FY02 MCON project P172 will construct Phase I (84876 SF) and proposed FY07 MCON project P1033 will construct phase II (72,463 SF) of a consolidated academic instruction facility. Various existing historic buildings in the M100 and M200 areas will be vacated upon project completion. Exterior of all historic buildings vacated will be maintained until SHPO approval for demolition or appropriate conversion to other use has been determined. Current demolition plan for P172 includes: M205, M208, M209, M210, M221, M222, M224, M225, M226, M227, M228, M229, and M238. Current demolition plan for P1033 includes: M123, M124, M125, M126 and M127. Building M132 will be vacated upon the completion of Phase II and will be converted to another use to be determined at a later date. At the completion of Phase II, Buildings M403, M405, M406, M412, M413, and M420 will be converted to storage space (44112).

This action note is shared by 26 planning actions.

Figure 4: iNFADS Screenshot 2.

2.1.4.2 Comptroller/Resource Evaluation and Analysis (REA)

The Marine Corps Installation-level Comptroller/REA function is responsible for specific operations related to Real Property. The REA is responsible for (1) assuring the correct identification of Real Property, (2) assuring the conduct of Real Property inventory, (3) assuring the accuracy of Real Property valuation and depreciation, and (4) ensuring that an audit trail is established.

2.1.4.2.1 Assuring the Identification of Real Property

The REA is responsible for assuring that Installations Real Property is identified and categorized properly, as specified in Table 6, *Identifying Real Property*. The proper identification of Real Property is vital to the proper financial reporting of Real Property.

2.1.4.2.2 Assuring the Conduct of Real Property Inventory

The REA is responsible for assuring that submitted inventory reports have been compiled based on the proper accounting standards and other regulations. In addition, the REA assures that Real Property has been valued, counted, reported, and classified properly. These tasks are accomplished by conducting an annual review of Installation management controls. The REA is also available to perform resource-related reviews, evaluations, assessments, and analyses at the request of the Comptroller, or HQMC.

2.1.4.2.3 Assuring Real Property Values

The REA is responsible for assuring the accuracy of Real Property values provided by the Installation level, based on the requirements in SFFAS No.6, Accounting for Property, Plant and Equipment. SFFAS No. 6 requires the use of Recorded Cost, the calculation and application of depreciation expense, and the use of estimates for historical cost information that has not been maintained.

2.1.4.2.4 Ensuring an Audit Trail is Established

The REA is responsible for ensuring that a proper audit trail has been established. An audit trail is critical to sound financial reporting of Marine Corps Real Property.

2.1.4.2.4.1 Ensuring Proper Documentation is Collected

The first step in assuring the Real Property values is to ensure that the proper documentation is collected. The REA executes this step by determining whether or not all pertinent documentation is collected in support of the underlying factors, assumptions, and cost of the Real Property. Additionally, the REA maintains the documentation for audit trail as relevant, sufficient, and reliable.

2.1.4.2.4.2 Ensuring Audit Trail is Established

The second step in assuring Real Property values is to make certain that an audit trail has been established. The REA executes this step by ensuring that the supporting documentation for Real Property can be used to follow a transaction back to its inception. Table 10, Audit Trail Components, on the following page, provides the components necessary for maintaining a Real Property audit trail.

No.	Audit Trail Component	Description
1	Sufficient Supporting Documentation	<ul style="list-style-type: none"> All supporting documentation must be collected in order to be able to ensure that the audit trail is established. All missing documentation must be located and included.
2	Traceable Audit Trail	<ul style="list-style-type: none"> An auditor should be able to trace a transaction back through referenced or linked documents.

Table 10: Audit Trail Components.

Note: Both components must exist for an Audit Trail to be established.

Figure 5, *Ensuring Audit Trail is Established* provides a graphical depiction of the process flow.

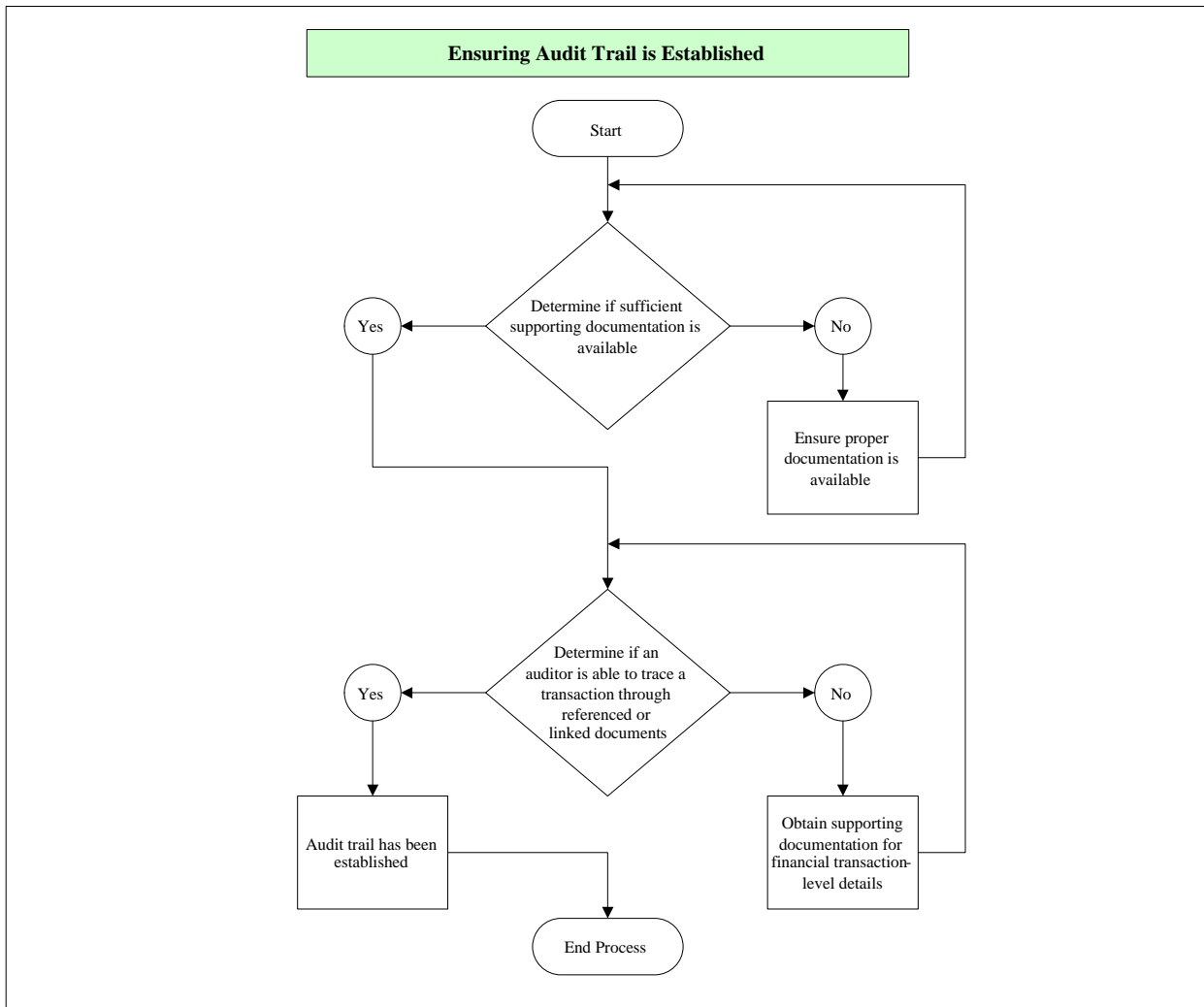


Figure 5: Ensuring Audit Trail is Established.

2.1.4.3 Installations and Logistics Department (I&L)

The I&L, Facilities and Service Division (LF) is responsible for formulating program policy, providing technical guidance, overseeing management and disposal of Real Property. The Facilities Branch (LFF) within LF manages funding and implements policy for the sustainment, restoration and modernization of Real Property. The Facilities Sustainment, Restoration and Modernization Section (LFF-2), within LFF, manages and budgets for the execution of major projects for the maintenance and repair of Real Property.

The LFF-2 oversees the Real Property processes that occur at the Installations. The LFF-2 is responsible for (1) providing policy and guidance to the Installations on Real Property processes, (2) monitoring Real Property processes at Installations and (3) analyzing Real Property data in iNFADS for potential errors.

2.1.4.3.1 Providing Policy and Guidance

The LFF-2 provides policy and guidance to Installations on the identification, valuation, depreciation, monitoring and recording of Real Property. They also provide training to Installation personnel on the proper managing, reporting and reconciliation of Real Property data.

2.1.4.3.2 Monitoring Real Property Processes

Currently, the LFF-2 monitors Real Property process at the Installations, providing oversight activities on an as needed basis. To improve data quality in the future, the Marine Corps is implementing management systems that will use the Real Property data. An iNFADS link to MAXIMO (asset management system) and GEOFidelis (Geographic Information System (GIS)), will help ensure the accuracy and completeness of data by requiring facilities data to appear in iNFADS before it can appear in other systems. A link from iNFADS to MAXIMO, the Marine Corps asset management application, used to prioritize maintenance schedules, manpower and materials requirements, will allow the necessary maintenance activities for the facility to occur. Likewise, facilities that have complete records in GEOFidelis, a geospatial asset management system, will be able to meet Marine Corps information requirements for homeland security, critical infrastructure and force protection, consequence management, range sustainment, encroachment, environmental protection and overall Installations management functions.

2.1.4.3.3 Analyzing Real Property Data

The LFF-2 analyzes Real Property data entered into iNFADS by the Installations to detect any potential data entry errors. The LFF-2 also provides updated Real Property data to NITC, when necessary.

2.1.4.4 NAVFAC Information Technology Center (NITC)

The NITC is the organization that is responsible for developing and maintaining iNFADS and the Real Property information it processes. The NITC is responsible for (1) monitoring and updating Real Property data entered by the Installations into iNFADS, (2) extracting Real Property from iNFADS, (3) publishing Real Property monthly transaction ledgers and (4) reporting Real Property assets to the Navy FMO via the DCM.

2.1.4.4.1 Monitoring and Updating Real Property Data

The NITC is responsible for monitoring Real Property data for proper entry into iNFADS by the Installations. The NITC also updates Real Property information in iNFADS at the request of Installations.

2.1.4.4.2 Extracting Real Property Data

The NITC extracts the updated Real Property data from iNFADS for analysis at the request of Installations or I&L. The NITC extracts Real Property data on a monthly basis for preparation of the transaction ledger report and quarterly for financial reporting.

2.1.4.4.3 Publishing the Monthly Transaction Ledger Report

The NITC is responsible for creating the monthly Real Property transaction ledger report. The transaction ledger report details Real Property record changes that have occurred during the month. This report is published to the NITC website and used by Marine Corps Installations to verify their Real Property records.

2.1.4.4.4 Reporting Real Property Data

The NITC reports Real Property data from iNFADS for inclusion on the financial statements. For financial reporting, the NITC consolidates Real Property from iNFADS and reports it to the Navy FMO via DCM for inclusion into the DoN Consolidated Financial Statements.

2.1.4.5 Accounting and Financial Systems Branch (RFA)

Currently, the Accounting and Financial Systems Branch (RFA) is not involved in the reporting of Real Property information. Real Property information is reconciled by the Installations, reviewed for errors by I&L, and reported by the NITC to the Navy FMO via the DCM for inclusion on the consolidated DoN financial statements. However, the Marine Corps is planning to prepare its standalone financial statements. To support this, the RFA intends to execute the processes of (1) consolidating Real Property financial data, (2) analyzing and reconciling Real Property financial data, (3) recording Real Property financial data, and (4) validating Real Property financial data. The RFA processes will conclude the year-end financial management process for Real Property reporting in the annual financial statements.

In an effort to prepare Marine Corps standalone financial statements, the RFA will provide oversight and reporting of Real Property financial data to the General PP&E Line Item on the Balance Sheet. The RFA is also responsible for preparing the required notes for the financial statements.

2.1.4.5.1 Consolidating Real Property Financial Data

The RFA will include Installations Real Property financial data for reporting on the General PP&E line item of the financial statements on a quarterly basis. Consolidating Marine Corps Real Property financial data is the first step taken by the RFA in preparing to analyze and reconcile the information to be included in the financial statements.

2.1.4.5.2 Analyzing and Reconciling Real Property Financial Data

Real Property financial data will be verified and reconciled by the RFA before validating the data. The RFA will compare the Real Property data from iNFADS and DCM to be reported on the financial statements against the corresponding United States Standard General Ledger (USSGL) Accounts.

2.1.4.5.3 Recording Real Property Financial Data

The RFA will record the consolidated Real Property financial data for inclusion on the Marine Corps financial statements by consolidating it into a General PP&E line item. The RFA will also be responsible for preparing notes to the Real Property financial statement information.

2.1.4.5.4 Preparing Real Property Financial Statements Notes

As part of the process of recording Real Property financial data, the RFA will prepare the financial statement notes for Real Property. The DoDFMR Volume 6B, Chapter 10, *Notes to the Financial Statements*, require certain disclosures to be issued in notes to the principal financial statements. These notes are included with the objective of making the financial statements more informative to the users. The notes should be prepared in narrative form and should provide a detailed description of the balances. Notes for Real Property are included in Note 10, *General Property, Plant and Equipment (PP&E), Net*. Table 11, *Real Property Financial Statement Note Contents*, lists the items in Note 10 that display Real Property financial data.

No.	Major Asset Class
1A	▪ Land
1B	▪ Buildings, Structures and Facilities
1C	▪ Leasehold Improvements
1G	▪ Assets Under Capital Lease
1H	▪ Construction-in-Progress

Table 11: Real Property Financial Statement Note Contents.

An example of the note is presented in Figure 6, *Real Property Financial Statement Note*.

NOTE 10. GENERAL PP&E, NET

As of September 30. (Amounts in thousands)	2004					2003
	Depreciation/ Amortization Method	Service Life	Acquisition Value	(Accumulated Depreciation/ Amortization)	Net Book Value	Net Book Value
1. Major Asset Classes:						
A. Land	N/A	N/A	\$ 567,889	N/A	\$ 567,889	\$ 603,961
B. Buildings, Structures, and Facilities	S/L	20 - 40	32,912,222	\$ (20,058,447)	12,853,775	21,007,724
C. Leasehold Improvements	S/L	lease term	231	(21)	210	0
D. Software	S/L	2-5 Or 10	3,071	(1,122)	1,949	423
E. General Equipment	S/L	5 Or 10	2,596,057	(2,078,308)	517,749	133,239,341
F. Military Equipment	S/L	Various	427,160,000	(293,030,000)	134,130,000	0
G. Assets Under Capital Lease ⁽¹⁾	S/L	lease term	432	(230)	202	146
H. Construction-in-Progress	N/A	N/A	3,607,729	N/A	3,607,729	3,555,856
I. Other			0	0	0	0
J. Total General PP&E			\$ 466,847,631	\$ (315,168,128)	\$ 151,679,503	\$ 158,407,451

⁽¹⁾ Note 15.B for additional information on Capital Leases

S/L = Straight Line N/A = Not Applicable

2. Other Information Related to General PP&E, Net:

Fluctuation and/or Abnormalities

Building, Structures, and Facilities.

The DON reported a decrease of \$8,153,949 thousand, 39 percent, in the net book value of buildings, structures, and facilities in FY 2004 when compared with FY 2003. The reason for the decrease in net book value is an increase in accumulated depreciation. While testing and changing the query methodology for the depreciation module in Internet Naval Facility Asset Database Store (iNFADS), it was discovered that the methodology was not recognizing the depreciation of capitalized improvements for those buildings, structures, and facilities whose initial cost was fully depreciated. The cost of the capitalized improvements was in the reported book value of the DON real property and was captured by the iNFADS query. Since the DON initiated the OUSD(C) policy of separately identifying and depreciating capitalized improvements in FY 1999, the depreciation for the capitalized improvements records was not captured in the query methodology. The correction was made during 1st Quarter FY 2004. The revised query methodology now recognizes the depreciation expense for those fully depreciated buildings, structures, and facilities that have capitalized improvements associated with them. Therefore, this change to the query methodology resulted in an increase in accumulated depreciation and a decrease to the net book value. Other changes associated with the new query and validation of iNFADS database records also contributed to the overall increase in accumulated depreciation. A total of \$6,369,029 thousand of the accumulated depreciation contributed to the majority of the decrease in the Building, Structures, and Facilities.

Figure 6: Real Property Financial Statement Note.

2.1.4.5.5 Validating Real Property Financial Data

The RFA will validate the Real Property financial data submitted for inclusion onto the financial statements. During the validation process, the RFA will ensure that all data is appropriately accounted for and confirm all calculations, and confirm the information in the notes to the financial statement.

2.1.2 High-Level System Descriptions – Real Property

- **Internet Navy Facilities Assets Data Store (iNFADS)** - The iNFADS provides a single source of data relating to land, buildings, structures, and utilities and provides complete assets management functionality to the Marine Corps and Navy.
- **Data Collection Module (DCM)** - The DCM is designed to capture all DoN and Marine Corps required financial information from non-feeder systems and provides critical financial data to the Defense Finance and Accounting Service (DFAS).
- **Defense Departmental Reporting System (DDRS)** – The DDRS is designed to prepare Financial Statements based upon trial balances. It standardizes the DoD reporting process and produces the annual and quarterly financial reports based on general ledger account codes and standard attributes.

3.0 Computer Information Systems

The iNFADS is a repository of Navy and Marine Corps data on land, buildings, structures, and utilities as related to the areas of acquisition, disposal, construction, and utilization. The system is composed of 5 modules, which are fully integrated with direct interfaces. These modules are listed below

- **Integrated Project List (IPL)** - Permits construction projects to be created, deleted, prioritized, reviewed, and submitted to the next level. In the event that the construction projects are approved, IPL projects are loaded into the Military Construction Program (MCP).
- **Shore Facilities Planning System (SFPS)** - Determines the basic facility requirements at shore activities and ensures the completion of the assigned mission. This module compiles lists of essential facilities and compares existing assets with requirements to produce a list of facility surplus and deficiencies. Also, this tool allows the user to generate scenarios through a variety of actions including, continue to use, reassign, and dispose. The reassignment allows surplus assets in one use to fill a deficiency in another use when the facilities are compatible. The SFPS applies to all activities that are responsible for the planning and programming of land and facility use and acquisitions and disposals, with the following exceptions:
 - a. Family housing
 - b. Family-type supplemental or recreational lodging facilities for short-term occupancy to be constructed and/or managed by non-appropriated funds
- **Category Code Directory (CCD)** - Contains Navy and Marine Corps facility category codes, descriptions, and units of measure. This module also contains the investment category and maintenance cost account numbers matching to each of the facility category codes. The purpose of this system is to identify, classify, and quantify assets.
- **Activity Module (also known as Master Activity General Information Control (MAGIC))** - Contains functions and processes that allow the user to obtain and query the activity information. MAGIC is a single database of information on Marine Corps and Navy activities and those units of the operating forces that require significant logistics support. MAGIC holds financial and location on Navy and Marine Corps activities from the installation to the unit level. MAGIC contains data critical to the proper operation of iNFADS and SFPS.
- **Military Construction Program (MCP)** - Provides the programming portion of the Planning, Programming, and Budgeting System (PPBS) for the Military Construction, Navy (MCON) and Military Construction, and Naval Reserve (MCNR) appropriations.

4.0 Risk and Control Analysis Documents

A Copy of the General Property, Plant and Equipment (PP&E), Real Property Financial Statement Line Item Federal Managers' Financial Integrity Act (FMFIA) Statement of Assurance Risk and Control Analysis Documents are included in this section.

5.0 [Acronyms](#)

Acronym	Acronym Expansion
AFS	Audit Financial Statements
CCD	Category Code Directory
DCM	Data Collection Module
DFAS	Defense Finance and Accounting Service
DoN	Department of the Navy
FMO	Office of Financial Operations
GIS	Geographic Information System
HQMC	Headquarters, Marine Corps
I&L	Installations and Logistics
IPL	Integrated Project List
iNFADS	Internet Navy Facilities Assets Data Store
LF	Facilities and Service Division
LFF	Facilities Branch
LFF-2	HQMC Facilities Sustainment, Restoration and Modernization Section
MAGIC	Master Activity General Information Control
MCP	Military Construction Program
NAS	Naval Audit Service
NAVFAC	Naval Facilities Engineering Command
NBV	Net Book Value
NITC	NAVFAC Information Technology Center
OMB	Office of Management and Budget

Acronym	Acronym Expansion
OSD	Office of Secretary of Defense
PPBS	Planning, Programming and Budgeting Systems
PP&E	Property, Plant and Equipment
RAO	Real Property Accounting Office
REA	Resource Evaluation and Analysis
RFA	Accounting and Financial Systems Branch
SFPS	Shore Facilities Planning System
USMC	United States Marine Corps
USSGL	United States Standard General Ledger

**Accounting and Financial Systems Branch
(RFA)**



**REAL PROPERTY
PROCESS FLOW DOCUMENT**

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1.0 INTRODUCTION

Overview. The Marine Corps has determined that documenting their existing business practices and processes are an integral and vital component to the Department of Defense (DoD) goal of achieving accurate, timely, reliable, and useful financial information.

Real Property is recorded on the Consolidated Department of Navy (DoN) Balance Sheet under the General Property, Plant and Equipment (PP&E) line item. General PP&E includes Real Property, whether from General or Working Capital Funds, that (1) has an estimated useful life of two or more years, (2) is not for sale in the ordinary course of business, and (3) was constructed or bought for use by the entity. Land associated with General PP&E Real Property consists of land acquired for or in connection with other PP&E. General PP&E also includes land acquired through capital leases, land owned by the reporting entity including but not limited to state and local Governments and Federal contractors.

Installations/Commands have specific roles and responsibilities to execute in order to ensure the accurate and timely reporting of Real Property for the DoN financial statements. Table 1-1, *Installations/Commands Roles and Responsibilities* lists the functions the Installations/Commands must execute and is shown below.

No.	Roles/Responsibilities
1	Identify Assets
2	Maintain Assets
3	Determine Asset Values
4	Calculate Asset Depreciation
5	Report Information to Headquarters Marine Corps (HQMC)

Table 1-1. Installations/Commands Roles and Responsibilities

The Programs and Resources (P&R), Accounting and Financial Systems Branch (RFA) conducted and facilitated a workshop at Marine Corps Base (MCB) Camp Lejeune, North Carolina to document Real Property business practices and processes. Representatives from Camp Lejeune gathered to document business processes and practices currently used by their various field activities. The four major business processes reported and documented at Camp Lejeune are listed in Table 1-2.

Functional Areas	
Planning	Disposal
Acquisition	Facilities Management

Table 1-2. Functional Areas

Scope and Objective. The scope of the “*Real Property Process Flow Document*” is to graphically document existing Real Property business processes based on published regulations and guidance.



Source Documentation. The source documentation used for the development of the “*Real Property Process Flow Document*” are the Department of Defense Financial Management Regulations (DoDFMR), DoD Financial Management Instructions (DoDI), Secretary of the Navy (SECNAV) Instructions, and Marine Corps Orders (MCO).

Document Layout. The layout of the “*Real Property Process Flow Document*” consists of an individual volume. The volume consists of the following sections:

- **Overview.** Provides a brief high-level discussion and definition of the business event based on existing financial management regulations or guidance.
- **Requirements.** Identifies the source document and specific requirements that relate to each business event.
- **Process Flow.** Provides a graphical depiction of each functional area process flow by “swim lanes” of specific actions, steps, and roles and responsibilities. The symbols below represent the process flow legend:



Indicates a process or action



Indicates a decision or determination



Indicates the receipt of a document



Indicates the continuation of a process flow to another process flow



Indicates the continuation from another process flow



Indicates a possible outcome of a decision



Indicates a step in a process that is a Management Control Point (MCP)



Indicates the end of a process



Indicates the direction of the process



Indicates simultaneous action between multiple swim lanes

PFA-001 Identifies the process flow by functional area, as referenced in Table 1-1. The letter indicates the functional area, and the four-digit number indicates the unique identifier.

- **Narratives.** Provides a written depiction, corresponding with the respective process flow, of specific actions, steps, and roles and responsibilities.



- **Management Control Point (MCP).** Identifies points where reconciliation, review, accuracy checks, and approval processes are performed.
- **Appendices.** Provides supplemental information relevant to the Real Property Process Flow document.
 - **Appendix A – *Financial Reporting Process Flows*** consist of financial processes implemented by the Marine Corps to show how financial transactions are taken from iNFADS and manually recorded in SABRS.
 - **Appendix B - *Personnel Matrix*** illustrates the series and grade, skill set and skill level, training required, certifications, and the number of resources for each Real Property Branch.
 - **Appendix C - *Management Reports Table*** illustrates the management reports that are generated during the processing of business events.
 - **Appendix D - *Table of Source Documents*** list the various source documents used to record transactions in the Internet Navy Facility Assets Data Store (iNFADS). Sample of each source document is also located in Appendix C.
 - **Appendix E - *iNFADS and Property Record Cards*** provide iNFADS screen shots and examples of Real Property Class 1 and Class 2 Property Record Cards.
 - **Appendix F - *Acronyms*** consist of a comprehensive list of Marine Corps Real Property Process Flow acronyms. The acronym and its expansion are organized alphabetically.





2.0 PLANNING

Overview. The process of maintaining land and shore facilities is through the Shore Activities Land and Facilities Planning Process. This process ensures the land and facilities are ready to perform their mission. This planning process is used to identify issues and implement guidance in the use, maintenance, acquisition, and disposal of land and facilities. Real Property land use plans are generated through this process by analyzing the requirements, functions, constraints, and criteria. The Master Plan (including the Capital Improvements Plan) is the product of this process along with the Facilities Requirements Planning process (also known as the Shore Facilities Planning System (SFPS)). The objectives of the planning process are the following:

- Identify development opportunities
- Examine role of land in development
- Identify unneeded facilities
- Make proper infrastructure siting
- Maximize use of existing facilities
- Evaluate physical constraints to development
- Evaluate alternative methods of supporting the mission

Requirements. Department of Defense Instruction (DoDI) 4165.70, *Real Property Management*, identifies the planning requirements necessary for the Military Components to comply with. The DoDI provides the Military Components with policies, regulations, and procedures. The specific requirements for the planning process are the plans must:

- Be developed by the DoD Component having management responsibility for the installation.
- Be based on a strategic assessment of the operational mission and expected use of the installation.
- Cover at least a 10-year period and be updated every 5 years.
- Include a specific, annual listing of all construction.
- Include a specific, annual listing of all major repair and sustainment projects, as well as restoration and modernization projects needed within the time period covered by the plan.
- Include current and project peacetime as well as mobilization requirements.

Process Flows. The following process flow is included in the Planning process:

- Military Construction (MILCON) Planning

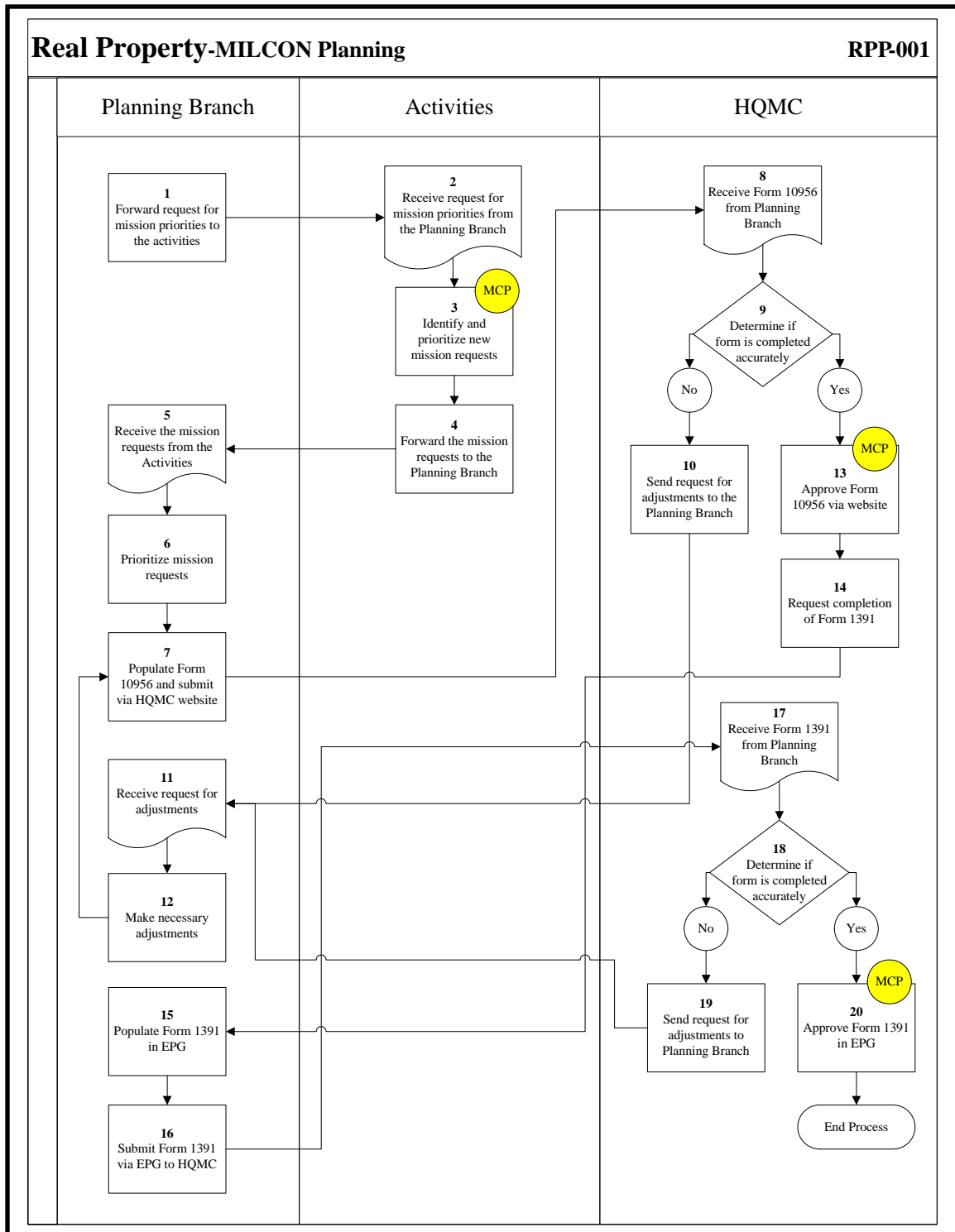


MILCON Planning Narrative. The Planning Branch forwards a request for mission priorities to the various Activities to begin the *MILCON Planning* process. Upon receipt of the request, the Activities identify and prioritize new mission requests and forward the requests to the Planning Branch. The Planning Branch collects the requests from the various Activities and prioritizes the new mission requests based on review of man-made, Governmental, and natural constraints, as well as evaluates existing facility assets (Real Property inventory). Man-made constraints include existing infrastructure, hazardous materials disposal areas, ordnance contamination areas, and safety criteria. Among examples of Governmental constraints include hazardous material/waste, coastal zone management, wetlands, cultural resources, wildlife, and sustainable planning. Natural constraints include constraints presented by the physical environment and constraints associated with living organisms. Once the prioritization of the new mission requests is complete, the Planning Branch populates and submits [Navy Marine Corps \(NAVMC\) Form 10956, Summary for Correction of Facility Deficiencies](#), to the Headquarters, Marine Corps (HQMC) via the HQMC website.

Upon successful completion of Form 10956, HQMC approves the form via the website. If the form is not completed accurately, HQMC sends a request to the Planning Branch to make the necessary adjustments. After modifications are completed, the Planning Branch re-submits Form 10956 to the website for approval.

Once Form 10956 is approved, HQMC requests that the Planning Branch completes [Defense Document \(DD\) 1391, Military Construction Project Data](#). The Planning Branch then populates and submits the DD 1391 to HQMC via the Electronic Project Generator (EPG). Prior to submission, the Planning Branch ensures the following documents are collected as they are submitted with Form DD 1391: (1) Facility Evaluation Sheet, (2) Facility Plan Document, (3) Risk Analysis, (4) Furnish (expense) List, Site and Floor Plan, (5) National Environmental Policy Act (NEPA) compliance documentation, (6) Economic Analysis (required for every MILCON Project), and (7) approval from the State Historic Preservation Office (SHPO). Upon successful completion, the Form is approved in the EPG. If the Form DD 1391 is not completed accurately, HQMC sends a request to the Planning Branch to make the necessary adjustments. The Planning Branch re-submits the form to the HQMC website upon the completion of the adjustments.



Process Flow:**Figure 2-1. Real Property-MILCON Planning.**

Management Control Point (MCP). In Figure 2-1, *MILCON Planning*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activities to help ensure the accurate processing of planning:

- Activities identify and prioritize mission requests to send to the Planning Branch.
- HQMC receives Form 10956 from the Planning Branch. Form 10956 is reviewed and either approved or disapproved.
- HQMC receives Form 1391 from the Planning Branch. Form 1391 is reviewed and either approved or disapproved.



3.0 ACQUISITION

Overview. Acquisition is the process of obtaining use or control of Real Property or an interest in Real Property by purchase, condemnation, donation, exchange, lease, reinvestment or recapture (construction). Real Property may be acquired by lease or through the General Services Administration (GSA) by transfer or for the reserve components of the Navy and Marine Corps.

Requirements. The Secretary of the Navy Instruction (SECNAVINST) 11011.47, *Acquisition, Use by Others and Disposal of Department of the Navy Real Property*, states when Real Property may be acquired by lease or through the GSA. The instruction also illustrates when Real Property may be acquired by transfer and when Real Property should be acquired in support of the Reserve Forces Facilities program. The SECNAVINST 11011.47 provides the following guidance on when Real Property may be acquired by lease, or general purpose space may be acquired through the GSA:

- Real Property is needed to meet an approved military requirement and the activity requesting the space has certified a need for the property.
- The lease is not for a period in excess of twelve months, but may provide for annual renewals at the option of the Government.
- There is no Government Real Property available which can adequately support the approved military requirement.
- It is more advantageous to the Government to lease the property than to acquire any other interest therein.

Marine Corps Order (MCO) P11000.14, *Real Property Facilities Manual, Volume IX*, promulgates guidance and instructions relating to the management of Marine Corps Real Property. MCO P11000.14 also states the requirements preceding Real Property acquisition:

- Federal agencies may acquire Real Property only after the agency head or his designee determines that the requirement cannot be satisfied by better use of existing property and that suitable excess or surplus property or unreserved public domain land is not available.
- Agency determinations to acquire Real Property must be supported by complete documentation.
- Budget requests for Real Property acquisition must satisfy the justification requirements in Office of Management and Budget (OMB) Circular No. A-11, *“Preparation and Submission of Budget Estimates.”*



- Prior to making any commitment or obligation with respect to proposed acquisitions, the agency must examine the availability of alternative Real Property not requiring the expenditure of funds.

Process Flows. The following process flows are included in the Acquisition process:

- Acquisition via Facility Acquisition Inventory Data Sheet (FAIDS)
- Acquisition via Beneficial Occupation Date (BOD) Contract
- Acquisition via Inventory Team
- Facility Reported via Public Works Operations



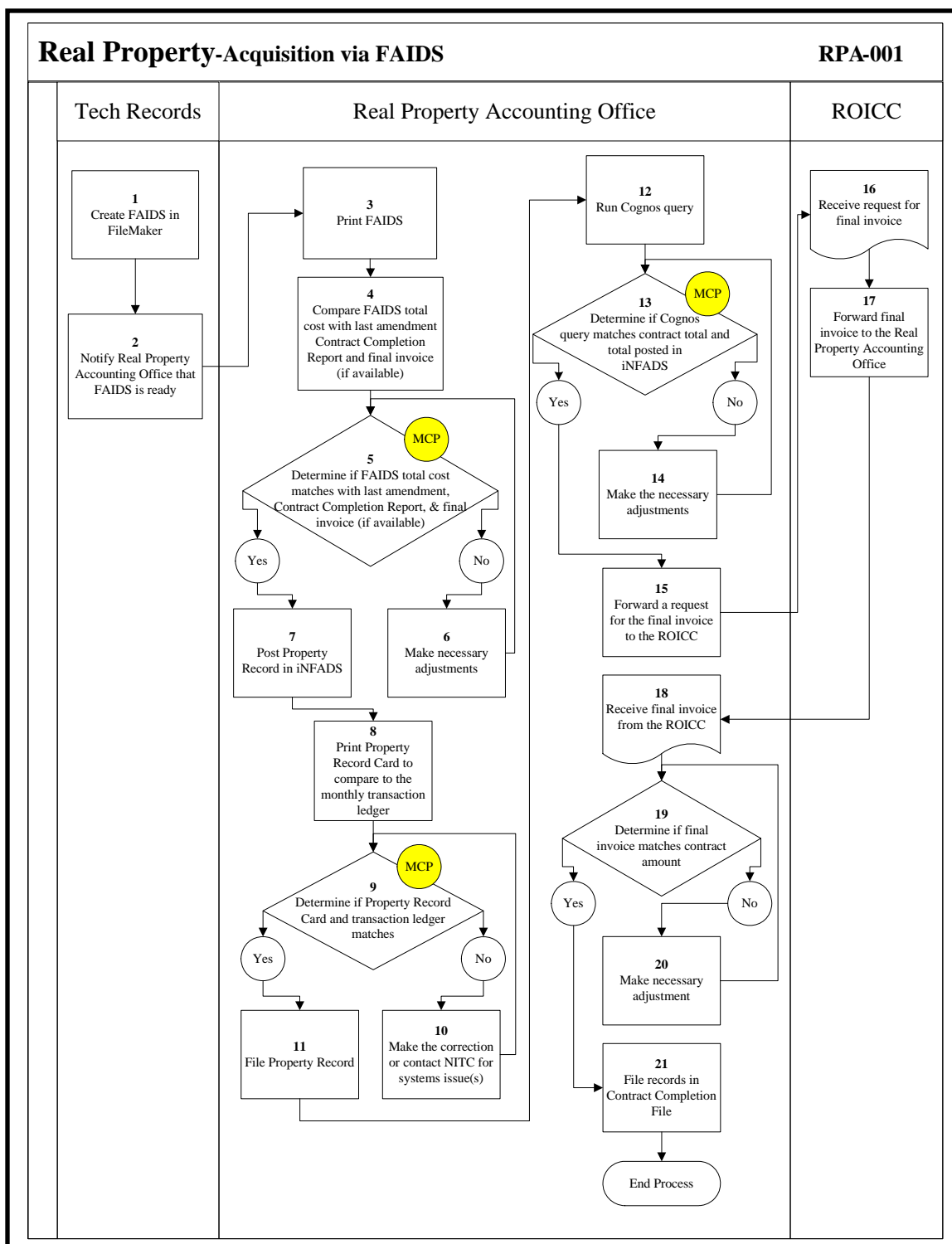
Acquisition via FAIDS Narrative. Technical Records creates a Facility Acquisition Inventory Data Sheet (FAIDS) in FileMaker to document the acquisition of Real Property to begin the *Acquisition via FAIDS* process. Once the FAIDS is complete, Technical Records notifies the Real Property Accounting Office of the FAIDS. The Accounting Office receives the notification and prints a copy of the completed FAIDS from FileMaker. The FAIDS total cost is reconciled to the last amendment Contract Completion Report, if it is available. If the total cost of the FAIDS does not match the cost on the Contract Completion Report, the Real Property Accounting office corrects the FAIDS by making the necessary adjustments. If the total cost of the FAIDS does reconcile to the Contract Completion Report and the final invoice, the Property Record Card is posted in Internet Navy Facility Asset Data Store (iNFADS). The Property Record Card is printed and compared to the monthly transaction ledger.

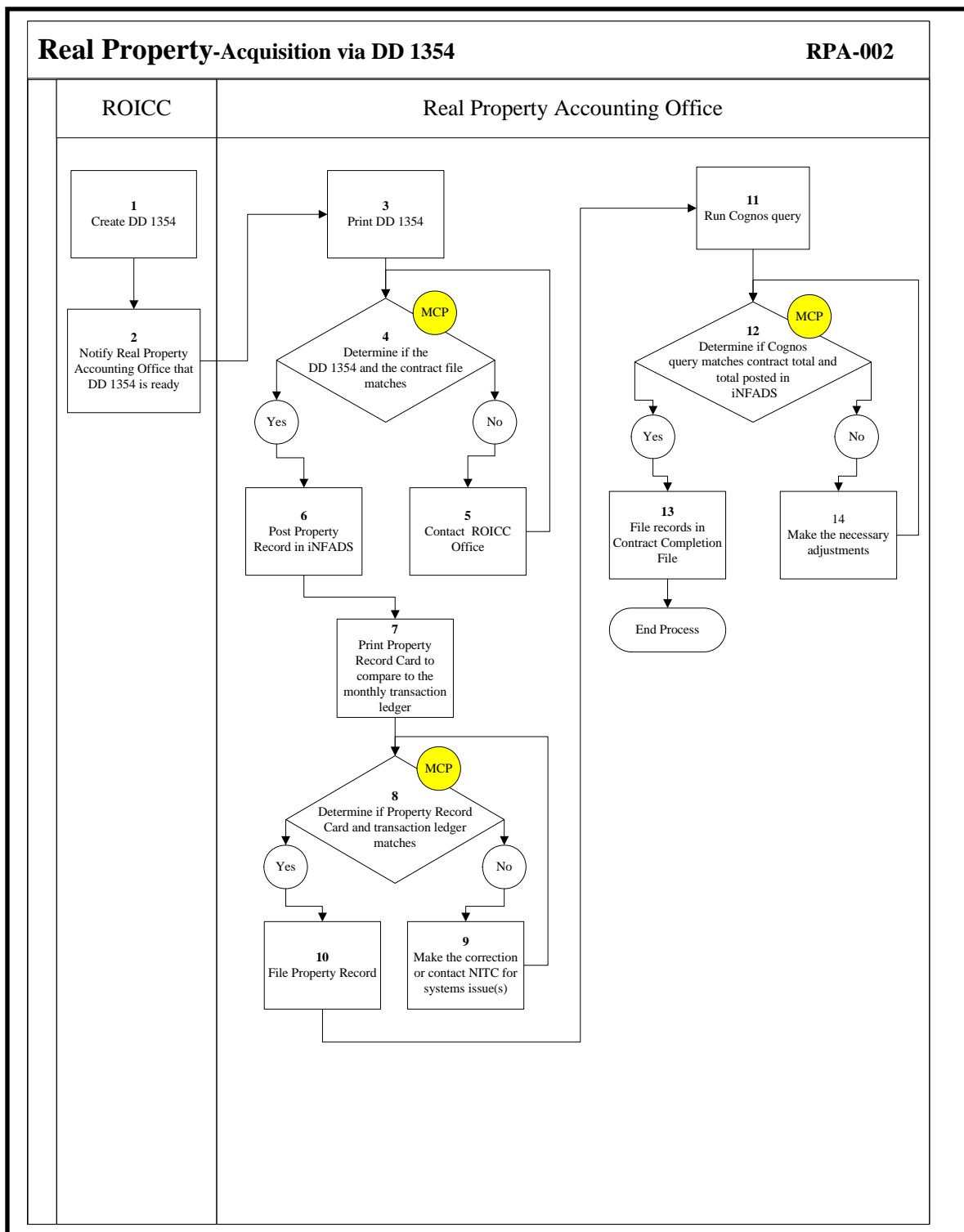
The monthly transaction ledger is a monthly report that captures changes to property records during the month and is obtained from the Navy Facilities (NAVFAC) Information Technology Center (NITC) website. The totals are used to verify dollar values in iNFADS. If the Property Record Card does not reconcile to the transaction ledger, the Real Property Accounting Office updates iNFADS with the correct information. In some instances where there is a system issue, the Real Property Accounting Office cannot correct the discrepancy. The system issue is escalated to NITC to resolve.

Upon successful reconciliation of the Property Record Card to the monthly transaction ledger, the Real Property Accounting Office files the Property Record Card in the Active Property Record Card file. The Real Property Accounting Office runs a Cognos query to review the dollars posted in iNFADS. In reviewing the query, the Real Property Accounting Office verifies that the query totals equal the contract total costs. In the event that totals do not match, the Real Property Accounting Office updates iNFADS with necessary adjustments. After the adjustments are made, the Real Property Accounting Office verifies the totals again. If the totals balance, the Real Property Accounting Office holds the file until the final invoice is received.

Upon receipt of the final invoice, the Real Property Accounting Office determines if the final invoice amount matches the contract amount. If the invoice and the contract totals do not equal, the Real Property Accounting Office adjusts the contract to reflect the accurate totals shown on the final invoice. Once the invoice and contract amounts equal, the Property Record Card and invoice are filed in the Contract Completion file.



Process Flow:**Figure 3-1. Real Property-Acquisition via FAIDS.**

Process Flow:**Figure 3-2. Real Property-Acquisition via DD 1354.**

Management Control Point (MCP). In Figure 3-1, *Acquisition via FAIDS*, the points where reconciliation, review, accuracy checks, and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activities to help ensure the accurate processing of an acquisition:

- The Real Property Accounting Office receives the FAIDS from the Technical Records; it is compared to the Contract Completion Report and final invoice to determine if the amounts match.
- The Real Property Accounting Office prints the Property Record Card and compares it to the monthly transaction ledger to determine if the amounts match.
- The Real Property Accounting Office runs a Cognos query and compares the Cognos query total to the iNFADS total.



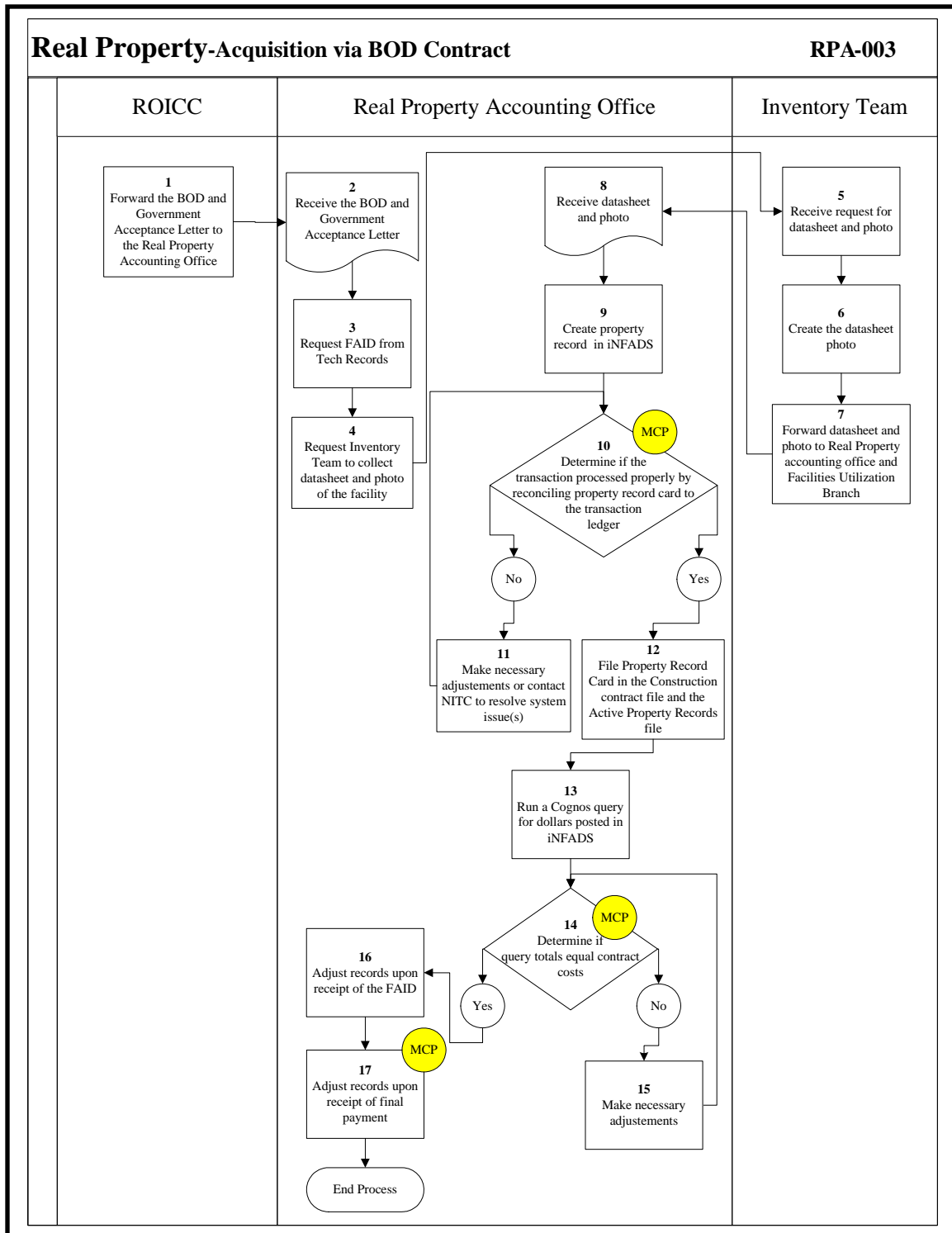
Acquisition via BOD Narrative. The Resident Officer in Charge of Construction (ROICC) forwards an acquisition acceptance letter and Beneficial Occupation Date (BOD) to the Real Property Accounting Office to begin the *Acquisition via BOD* process. The Real Property Accounting Office requests the Facility Acquisition Inventory Data Sheet (FAIDS) from Technical Records. Once the FAIDS is requested, the Real Property Accounting Office sends the Inventory Team to complete an inventory datasheet and obtain a photo of the facility.

The Inventory Team, composed of contractors, inspects the facility by obtaining measurements, documenting utilization, and evaluating visual space, exterior material, roofing, utility service, heating, ventilation, and air-conditioning (HVAC), windows, insulation, head facilities, and special equipment. The evaluations are reported on a data sheet and a photo of the exterior is taken. The Inventory Team sends the completed datasheet and photo to the Real Property Accounting Office and the Facilities Utilization Branch.

The Real Property Accounting Office creates a Property Record Card in Internet Navy Facility Assets Data Store (iNFADS) with information recorded on the inventory datasheet. To determine if the transaction was processed in iNFADS, the office reconciles the Property Record Card to the monthly transaction ledger. The monthly transaction ledger is a monthly report that captures changes to property records during the month and is obtained from the Navy Facilities (NAVFAC) Information Technology Center (NITC) website. The totals are used to verify dollar values in iNFADS. If the Property Record Card does not reconcile to the transaction ledger, the office updates iNFADS with the correct information. In some instances where there is a system issue, the office cannot correct the discrepancy. The system issue is escalated to NITC to resolve.

After reconciliation of the Property Record Card to the monthly transaction ledger, the Real Property Accounting Office files the Property Record Card in the Construction Contract Records file and the Active Property Records file. The office runs a Cognos query to review the Government dollars posted in iNFADS. In reviewing the query, the Real Property Accounting Office verifies that the query totals equal the contract total costs. In the event that totals do not match, the office updates iNFADS with necessary adjustments. After the adjustments are made, the totals are verified again. If the totals balance, the office holds the file until the FAIDS and final payment are received. Upon receipt of the FAIDS and final payment, the office adjusts the record to reflect the accurate totals.



Process Flow:**Figure 3-3. Real Property-Acquisition via BOD Contract.**

Management Control Point (MCP). In Figure 3-3, *Acquisition via BOD*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activities to help ensure the accurate processing of an acquisition:

- The Real Property Accounting Office creates the Property Record in iNFADS. The Property Record Card is compared to the monthly transaction ledger to determine if the amounts match.
- The Real Property Accounting Office runs a Cognos query and compares the Cognos query total to the iNFADS total.
- The Real Property Accounting Office adjusts the Real Property records upon receipt of the final invoice.



Acquisition via Inventory Team Narrative. The Inventory team conducts an inspection of property to begin the *Acquisition via Inventory Team* process. The Inventory Team, composed of contractors inspects the facility by obtaining measurements, documenting utilization, and evaluating visual space, exterior material, roofing, utility service, heating, ventilation, and air-conditioning (HVAC), windows, insulation, head facilities, and special equipment. The evaluations are reported on a data sheet and a photo of the exterior is taken. The Inventory Team sends the completed datasheet and photo to the Real Property Accounting Office and the Facilities Utilization Branch.

Upon receipt of the datasheet and photo, the Real Property Accounting Office verifies the facility is in the Internet Navy Facility Asset Data Store (iNFADS). If the facility is reported in iNFADS, the Real Property Accounting Office updates the property review date and documents additional information noted by the Inventory Team on the iNFADS notes tab. If the facility is not reported in iNFADS, the Real Property Accounting Office sends a request for a facility number assignment to the Planning Branch. The Planning Branch creates the new facility number in iNFADS. The facility number is then forwarded to the Real Property Accounting Office.

Upon receipt of the facility number, the Real Property Accounting Office records the acquisition in iNFADS. The Government cost and the acquisition date are estimated by comparing like-facilities and taking the average cost. Any additional information that was documented by the Inventory Team is recorded on the notes tab. Once the estimates and notes have been recorded, the Real Property Accounting Office determines if there is an ongoing contract for that facility. If there is an ongoing contract, the Property Record Card is printed and placed in the Construction Contract File. The Real Property Accounting Office must then await receipt of the FAIDS and adjust the Property Record Card accordingly. If there is no ongoing contract and/or after the adjustment of the Property Record Card is made to match the FAIDS, the updated Property Record Card is printed. The updated Property Record Card is compared to the monthly transaction ledger to determine if the acquisition cost transaction posted in iNFADS.

The monthly transaction ledger is a monthly report that captures changes to property records during the month and is obtained from the Navy Facilities (NAVFAC) Information Technology Center (NITC) website. The totals are used to verify dollar values in iNFADS. If the Property Record Card does not reconcile to the transaction ledger, the Real Property Accounting Office updates iNFADS with the correct information. In some instances where there is a system issue, the Real Property Accounting Office cannot correct the discrepancy. The system issue is escalated to NITC to resolve.

Upon successful reconciliation of the Property Record Card to the monthly transaction ledger, the Real Property Accounting Office files the Property Record Card in the Pending Contract Completion file and the Active Property Record Card file.



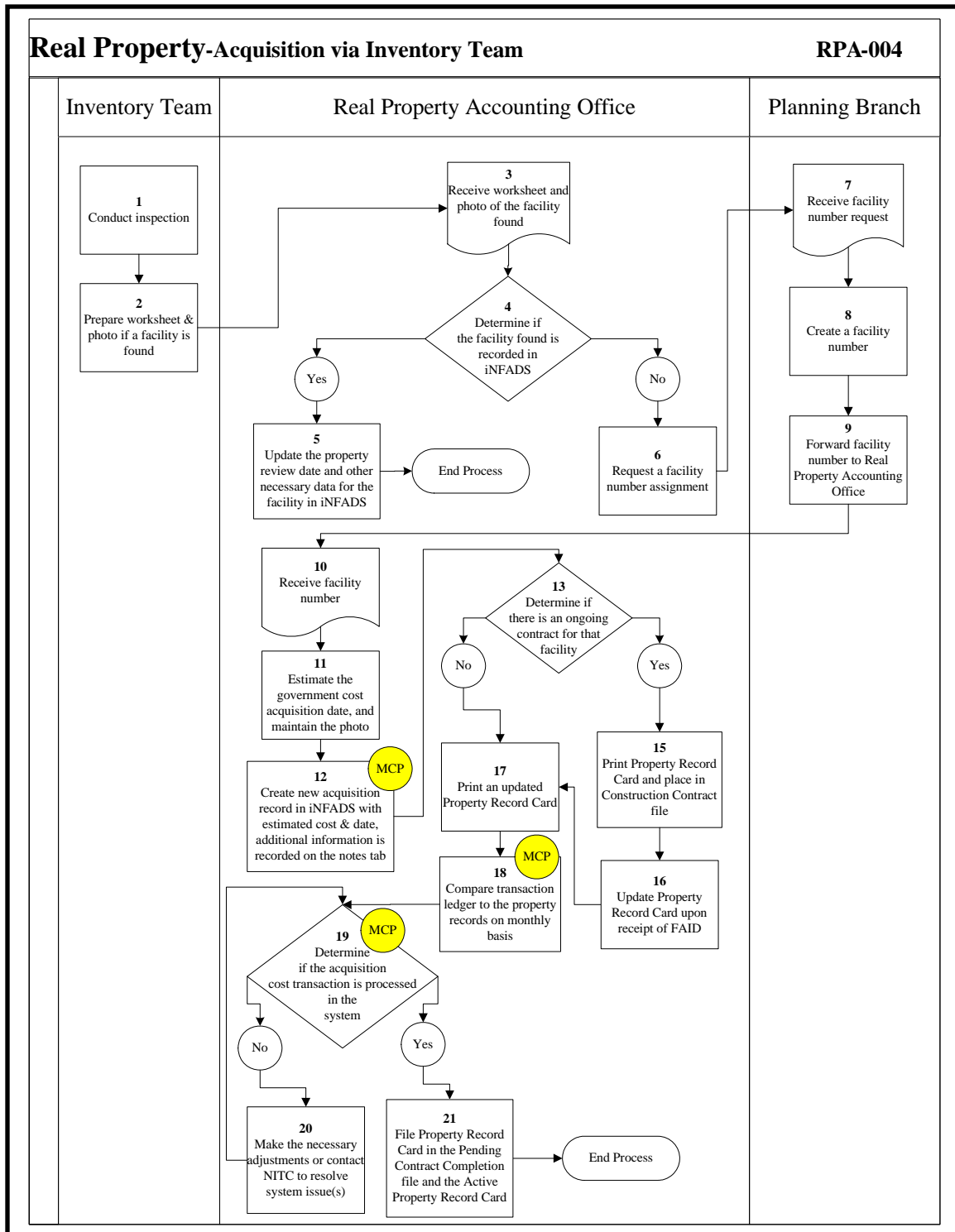
Process Flow:

Figure 3-4. Real Property-Acquisition via Inventory Team.



Management Control Point (MCP). In Figure 3-4, *Acquisition via Inventory Team*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activities to help ensure the accurate processing of an acquisition:

- The Real Property Accounting Office creates a new acquisition record in iNFADS with an estimation of the cost and date acquired. Other additional informational obtained by the Inventory Team is recorded on the notes tab in iNFADS.
- The Real Property Accounting Office prints the Property Record Card and compares it to the monthly transaction ledger to determine if the amounts match.
- The Real Property Accounting Office reviews the posted transactions to ensure the acquisition cost is accurate.



Facility Reported via Public Works Operations Narrative. The Public Works Operation reports a facility that is not recorded in either the Internet Navy Facilities Asset Data Store (iNFADS) to begin the *Facility Reported via Public Works Operations* process. In order to run the power to the facility, the Public Works Operation first requests a facility number from the Planning Branch. The Planning Branch assigns a facility number and forwards it to both Public Works Operations and the Real Property Accounting Office.

The Real Property Accounting Office, before creating a new property record for that facility in the iNFADS, conducts research to verify there is no record for that facility in iNFADS. In the event the facility is not in iNFADS, the Real Property Accounting Office records the new facility number in iNFADS. Once the facility number is recorded in iNFADS, the Property Record Card is populated with the facility number, estimated dollars, acquisition date, and any other information provided by the Public Works Operations.

To verify this information and/or to collect more detailed information about the facility, the Real Property Accounting Office sends the Inventory Team to conduct an inspection, obtain a completed inventory datasheet, and a photo of the facility.

The Inventory Team, composed of contractors inspects the facility by obtaining measurements, documenting utilization, and evaluating visual space, exterior material, roofing, utility service, heating, ventilation, and air-conditioning (HVAC), windows, insulation, head facilities, and special equipment. The evaluations are reported on a data sheet and a photo of the exterior is taken. The Inventory Team sends the completed datasheet and photo to the Real Property Accounting Office and the Facilities Utilization Branch. The Real Property Accounting Office then updates the Property Record Card with the information recorded on the inventory datasheet.

To determine if the transaction was processed in iNFADS, the Real Property Accounting Office reconciles the Property Record Card to the monthly transaction ledger. The monthly transaction ledger is a monthly report that captures changes to property records during the month. The totals are used to verify dollar values in iNFADS. The monthly transaction ledger is a monthly report that captures changes to property records during the month and is obtained from Navy Facilities (NAVFAC) Information Technology Center (NITC) website. If the Property Record Card does not reconcile to the transaction ledger, the Real Property Accounting Office updates iNFADS with the correct information. In some instances where there is a system issue, the Real Property Accounting Office cannot correct the discrepancy. The system issue is escalated to NITC to resolve.

After reconciliation of the Property Record Card to the monthly transaction ledger, the Real Property Accounting Office files the Property Record Card in the Construction Contract Records file and the Active Property Records file.



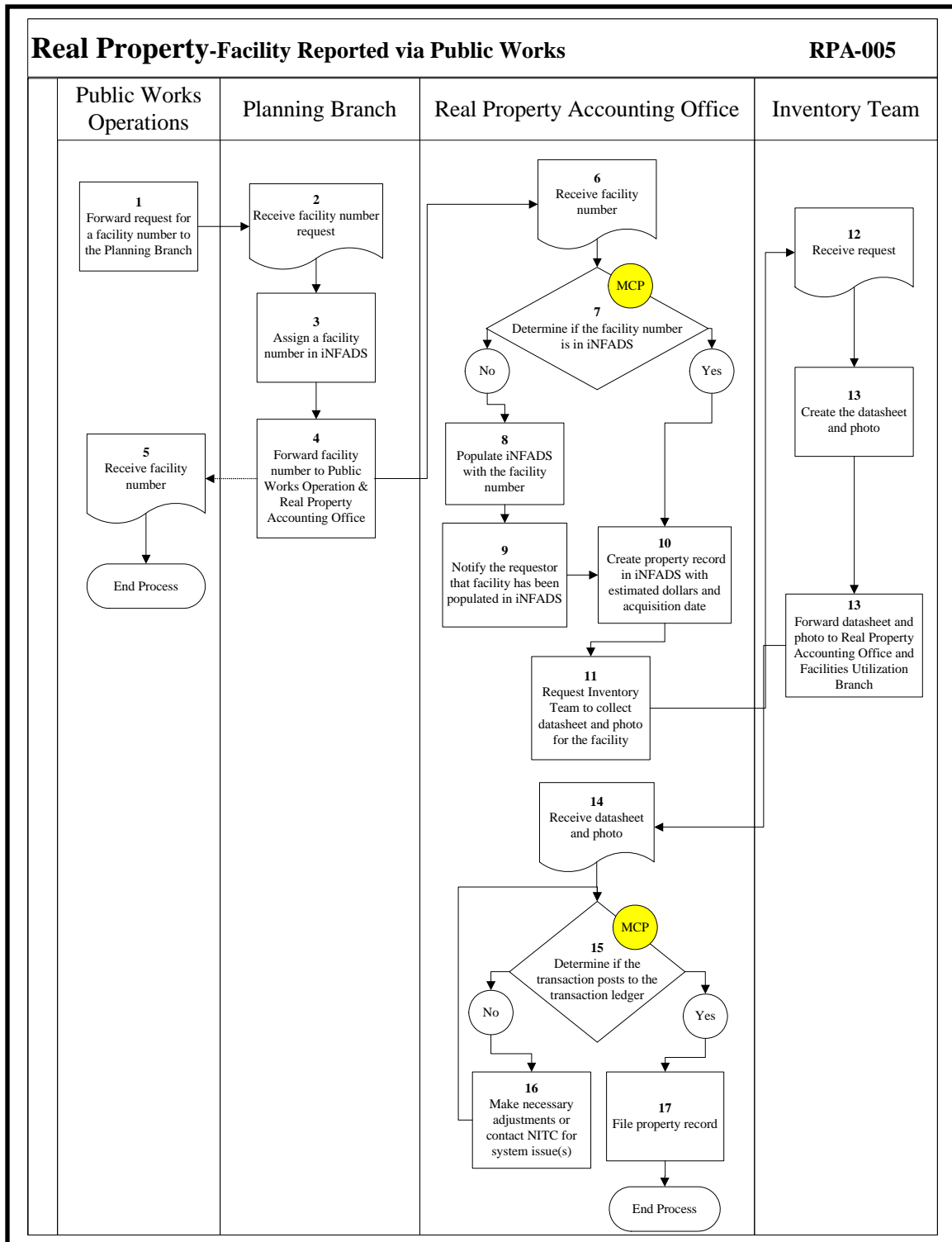
Process Flow:

Figure 3-5. Real Property-Facility via Public Works Operations.



Management Control Point (MCP). In Figure 3-5, *Facility Reported via Public Works Operations*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activities to help ensure the accurate processing of an acquisition:

- The Real Property Accounting Office verifies a newly assigned facility number is recorded in iNFADS.
- The Real Property Accounting Office reviews the posted transactions to ensure the acquisition cost is accurate in the transaction ledger.





4.0 DISPOSAL

Overview. A disposal is any authorized method of permanently divesting the Department of Defense (DoD) of control of, responsibility for, or interest in Real Property. Several factors are considered when making determinations whether Real Property should be disposed of or retained including, but not limited to, whether the present property is inadequate to serve future plans and if land is being retained merely because it is landlocked. Disposal records remain in the Internet Navy Facility Asset Data Store (iNFADS) until the end of the current fiscal year. In addition, disposals:

- Assure proper management and use of Real Property authorized for mission purposes
- Minimize additional Real Property acquisitions
- Reduce maintenance and custody costs
- Promptly dispose of property not needed to support mission requirements or to fulfill legal responsibilities

Requirements. The Department of Defense Financial Management Regulation (DoDFMR), Volume 12, Chapter 14, *Transferring, Disposing, and Leasing of Real Property and Personal Property*, provides financial procedures for the disposal, transfer or leasing out of Real Property. The DoDFMR Vol. 12, Chap. 14 states the following requirements:

- If a Military Department determines that Real Property and improvements under its control are excess to its needs and are available for transfer to another Military Department, such transfers will be on a nonreimbursable basis.
- If Real Property is not transferred to another Military Department, the Secretary of Defense must request that the General Service Administration (GSA) Administrator dispose of such Real Property in accordance with the provisions of applicable laws.

The Marine Corps Order (MCO) P11000.14 W/CH, *Real Property Facilities Manual, Volume IX*, promulgates guidance and instructions relating to the management of Marine Corps Real Property. MCO P11000.14 also states basic criteria with respect to recommending facilities for disposal. The following is criteria for disposal of Real Property:

- The overall capacity is greater than the minimum required to accomplish current and proposed mobilization missions, considering the factors of flexibility and mobility of operating forces, geographical dispersion, and national security risk.
- The land or improvements comprising the activity exceed the minimum required to accomplish the assigned and programmed mission(s), tasks, and functions of the activity; and excess portions are so located as to be severable.



- Current fair market value is greater than the cost of acquiring other acceptable property, including all costs incident to completing the replacement.
- Holdings are inadequate because of changed missions or technological advances, and the character and value of surrounding property make expansion infeasible.

Process Flows. The following process flows are included in the Disposal process:

- Disposal of Land via Facility Acquisition Inventory Data Sheet (FAIDS)
- Disposal-Loss by Inventory Team
- Miscellaneous Disposal Request
- Transfer



Disposal of Land via FAIDS Narrative. Technical Records creates a Facility Acquisition Inventory Data Sheet (FAIDS) in FileMaker to begin the *Disposal of Land via FAIDS* process. The FAIDS is forwarded to the Real Property Accounting Office.

Upon receipt of the FAIDS, the Real Property Accounting Office removes the property record from the Internet Navy Facilities Asset Data Store (iNFADS) and records all transaction information on the notes tab in iNFADS. To ensure the disposal transaction posted correctly, the Property Record Card is printed and compared to the monthly transaction ledger. The monthly transaction ledger is a monthly report that captures changes to property records during the month and is obtained from the Navy Facilities (NAVFAC) Information Technology Center (NITC) website. The totals are used to verify dollar values in iNFADS. If the Property Record Card does not reconcile to the transaction ledger, the Real Property Accounting Office updates iNFADS with the correct information. In some instances where there is a system issue, the Real Property Accounting Office cannot correct the discrepancy. The system issue is escalated to NITC to resolve.

Upon successful reconciliation of the Property Record Card to the monthly transaction ledger, the Real Property Accounting Office files the Property Record Card with the disposal documentation and history records in the disposal files.



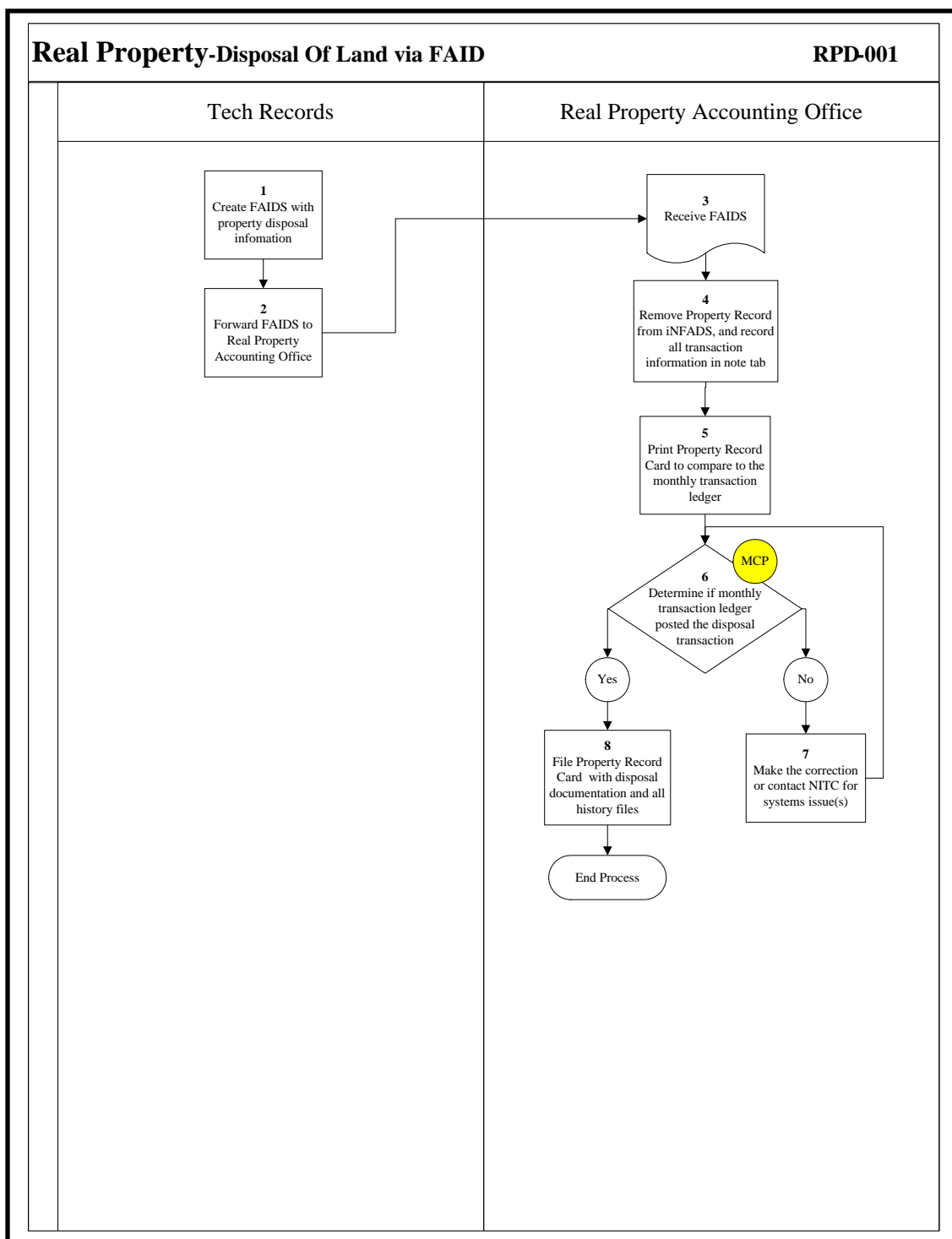
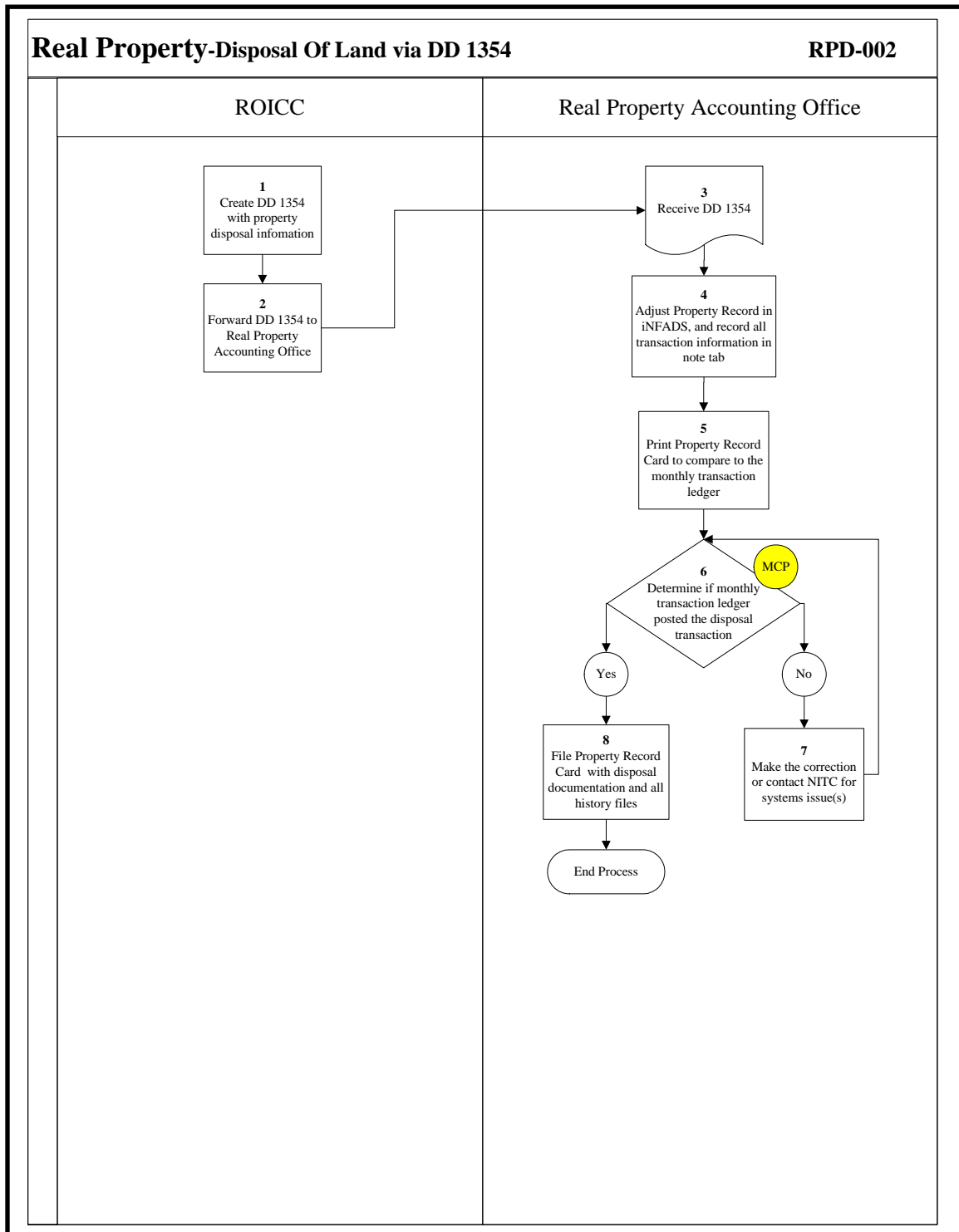
Process Flow:

Figure 4-1. Real Property–Disposal Of Land via FAIDS.



Process Flow:**Figure 4-2. Real Property–Disposal Of Land via DD 1354.**

Management Control Point (MCP). In Figure 4-1, *Disposal Of Land via FAIDS*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activity to help ensure the accurate processing of a disposition:

- The Real Property Accounting Office prints the Property Record Card and compares it to the monthly transaction ledger to determine if the amounts match.



Disposal-Loss by Inventory Team Narrative. The Inventory Team forwards a facility disposal report to the Real Property Accounting Office to begin the *Disposal-Loss by Inventory Team* process. The disposal report includes a data worksheet and a photo of the land where the facility was located. Upon verification of the disposal report, the Real Property Accounting Office creates a recommendation to remove the property from the Internet Navy Facilities Assets Data Store (iNFADS). The recommendation is forwarded to the Utilization Branch for approval. The Utilization Branch reviews the recommendation and decides if it should be approved. The approval decision is based upon receiving the disposal report and photo, which provide verification that the facility was demolished.

If the Utilization Branch approves the recommendation, the Real Property Accounting Office is notified of the approval. The Real Property Accounting Office removes the property record for that facility from iNFADS by changing the “**Action Code**” to “**4**”, which stands for “**Disposal, Loss by Inventory.**” Although it is removed, the record will still remain in iNFADS for one year. To help ensure the disposal transaction posts correctly, the Property Record Card is printed and compared to the monthly transaction ledger.

The monthly transaction ledger is a monthly report that captures changes to property records during the month and is obtained from the Navy Facilities (NAVFAC) Information Technology Center (NITC) website. The totals are used to verify dollar values in iNFADS. If the Property Record Card does not reconcile to the transaction ledger, the Real Property Accounting Office updates iNFADS with the correct information. In some instances where there is a system issue, the Real Property Accounting Office cannot correct the discrepancy. The system issue is escalated to NITC to resolve.

In the event the disposal is not approved, the Utilization Branch notifies the Real Property Accounting Office of the disapproval. The Real Property Accounting Office forwards the disapproval notice to the Requestor.

Upon successful reconciliation of the Property Record Card to the monthly transaction ledger, the Real Property Accounting Office files the Property Record Card with the disposal documentation and history records in the disposal files.



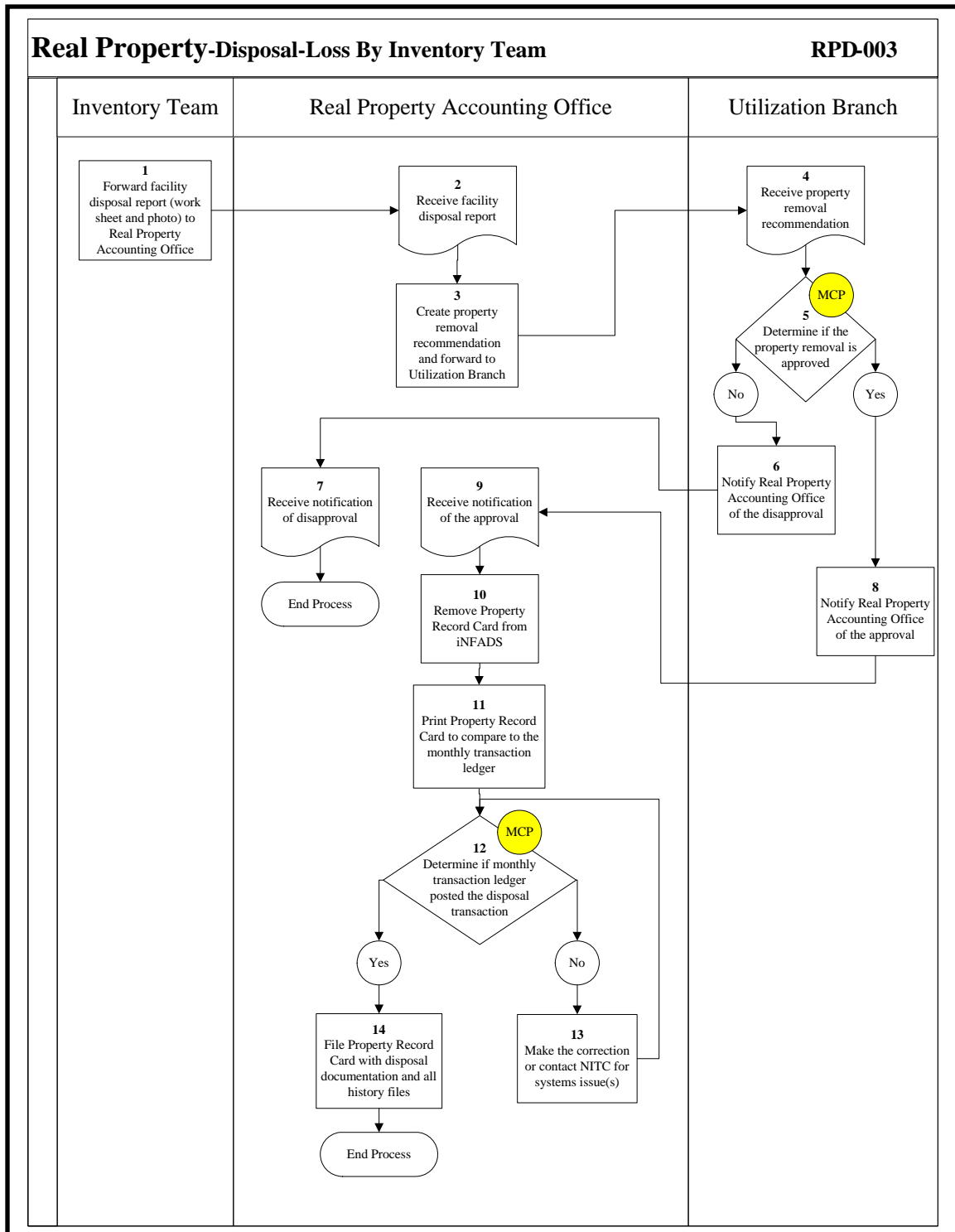
Process Flow:

Figure 4-3. Real Property-Disposal-Loss By Inventory Team.



Management Control Point (MCP). In Figure 4-3, *Disposal-Loss By Inventory Team*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activities to help ensure the accurate processing of a disposition:

- The Utilization Branch receives a property removal recommendation from the Real Property Accounting Office. The removal recommendation is verified for accuracy and either approved or disapproved.
- The Real Property Accounting Office prints the Property Record Card and compares it to the monthly transaction ledger to determine if the amounts match.



Miscellaneous Disposal Request Narrative. A requestor forwards a disposal request to the Real Property Accounting Office to begin the *Miscellaneous Disposal Request* process. The Real Property Accounting Office then requests the Inventory Team to verify the disposal site.

The Inventory Team, composed of contractors, inspects the facility by obtaining measurements, documents utilization, and evaluates visual space, exterior material, roofing, utility service, heating, ventilation, and air-conditioning (HVAC), windows, insulation, head facilities, and special equipment. The evaluations are reported on a data sheet and a photo of the exterior is taken. The Inventory Team sends the completed datasheet and photo to the Real Property Accounting Office and the Facilities Utilization Branch.

In the event the facility has not been demolished, the Inventory Team sends a notification of the status of that facility to the Real Property Accounting Office. The Real Property Accounting Office forwards the notification to the Requestor.

If the facility has been demolished, the Inventory Team will send notice to the Real Property Accounting Office informing them of the demolition. The Real Property Accounting Office then recommends removal from Internet Navy Facility Assets Data Store (iNFADS) and forwards the recommendation to the Utilization Branch for approval. The Utilization Branch reviews the property record in its facility database and gives the final decision on the removal recommendation. If the removal is approved, the Real Property Accounting Office removes the property record from iNFADS by changing the “**Action Code**” to “**4**”, which stands for “**Disposal, Loss by Inventory.**” Although it is removed, the record will still stay in iNFADS for one year. In the event that it is not approved, the disapproval notice is sent to the Real Property Accounting Office and the Real Property Accounting Office forwards the disapproval to the Requestor.

To determine if the transaction was processed in iNFADS, the Real Property Accounting Office reconciles the Property Record Card to the monthly transaction ledger. The monthly transaction ledger is a monthly report that captures changes to property records during the month and is obtained from the Navy Facilities (NAVFAC) Information Technology Center (NITC) website. The totals are used to verify dollar values in iNFADS. If the Property Record Card does not reconcile to the transaction ledger, the Real Property Accounting Office updates iNFADS with the correct information. In some instances where there is a system issue, the Real Property Accounting Office cannot correct the discrepancy. The system issue is escalated to NITC to resolve.

After reconciliation of the Property Record Card to the monthly transaction ledger, the Real Property Accounting Office files the Property Record Card with disposal documentation and all history files in the disposal file.



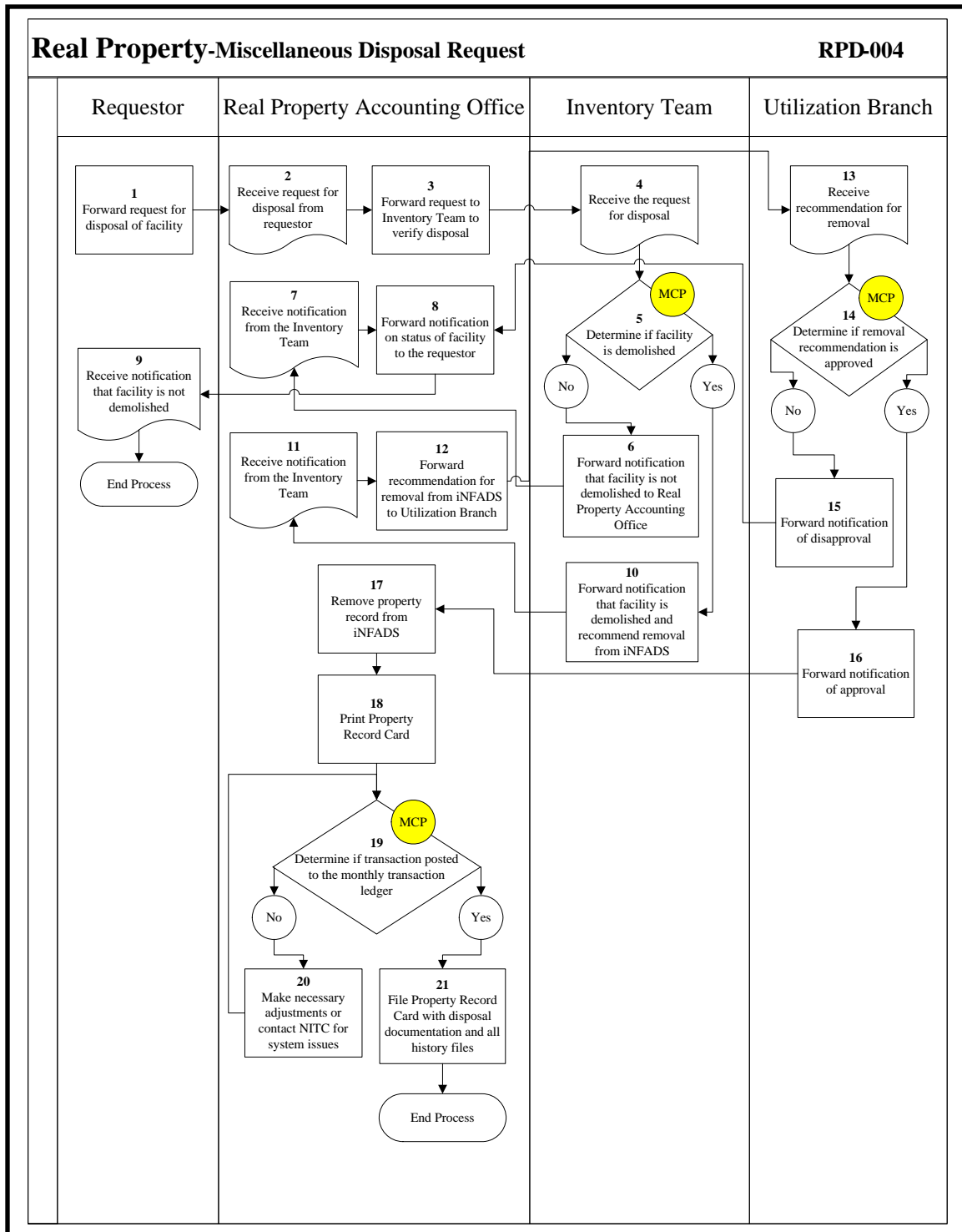
Process Flow:

Figure 4-4. Real Property-Miscellaneous Disposal Request.



Management Control Point (MCP). In Figure 4-3, *Miscellaneous Disposal Request*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activities to help ensure the accurate processing of a disposition:

- The Inventory Team receives a disposal request that is verified to determine if the facility is demolished.
- The Utilization Branch receives a property removal recommendation from the Real Property Accounting Office. The removal recommendation is verified for accuracy and either approved or disapproved.
- The Real Property Accounting Office prints the Property Record Card and compares it to the monthly transaction ledger to determine if the amounts match.



Transfer Narrative. Technical Records receives a property transfer request from a requestor to begin the *Transfer* process. Transfers include changing administrative or command jurisdiction from one Military Department to another, or between Federal Agencies.

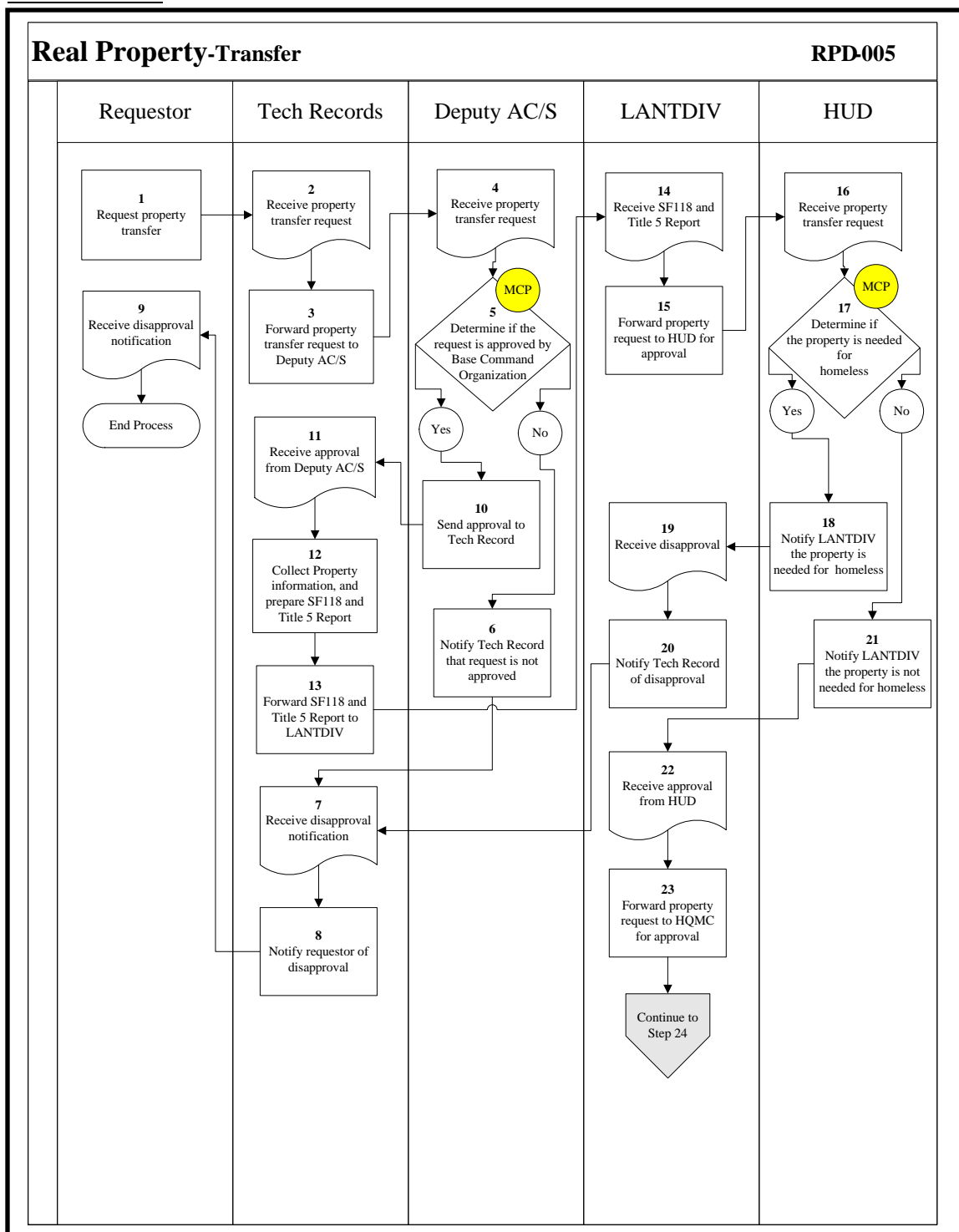
Technical Records first forwards the property transfer request to Deputy Assistant Chief of Staff (AC/S) of the Marine Corps for approval. The Deputy AC/S decides if the transfer request is approved by reviewing the property plan with the Planning Branch and determining if the transfer will benefit the Government or not.

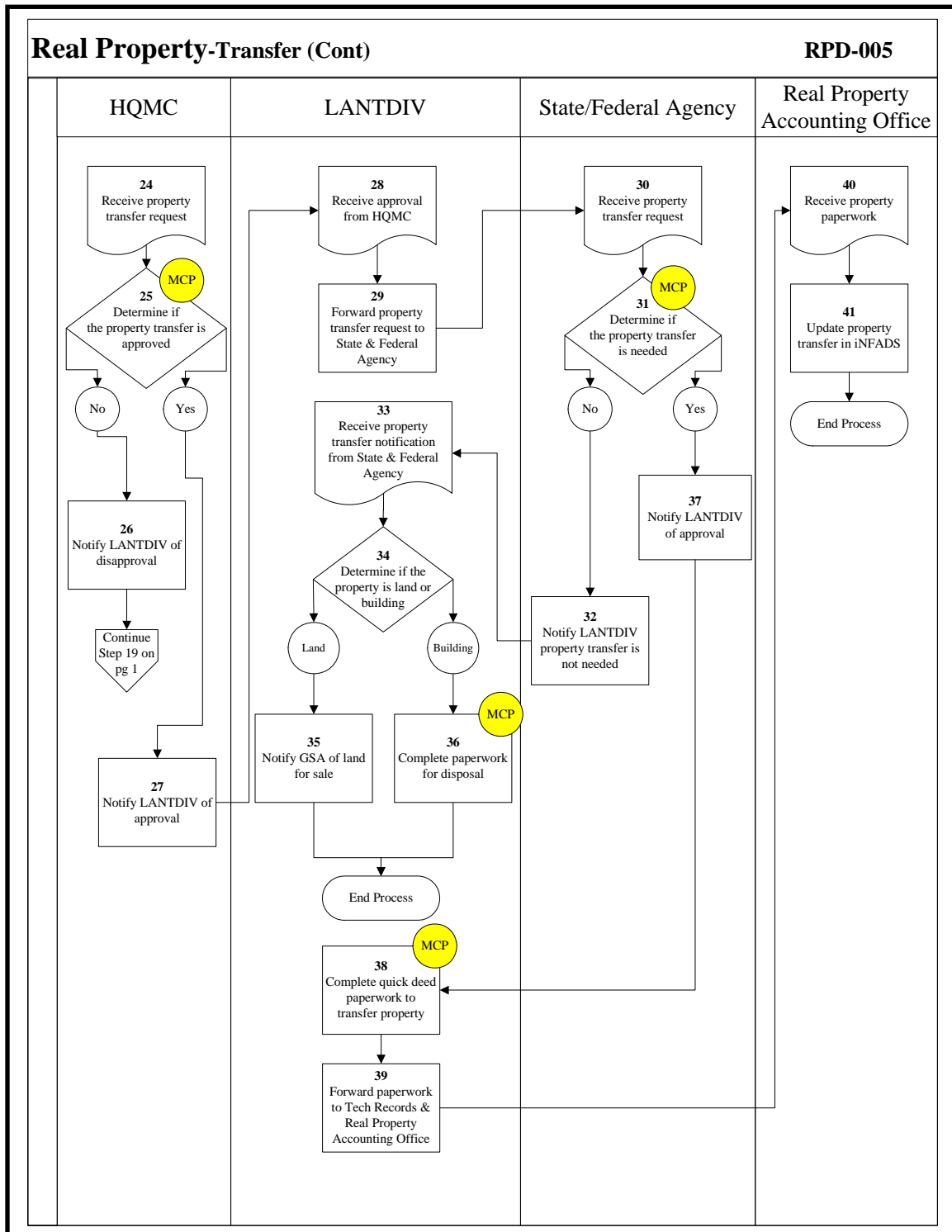
In the event the request is not approved, a notification of disapproval is sent to Technical Records, and Technical Records sends the disapproval notification to the Requestor. If the transfer request is approved, a notification of Base approval is sent to Technical Records. The Technical Records coordinates with Navy Facilities (NAVFAC) Atlantic Division (LANTDIV) and prepares the [Standard Form 118](#) (SF118), *Report of Excess Real Property*, and the Title 5 Report, which documents the Government's title to excess property. In the preparation of the SF118 and the Title 5 Report, Technical Records collects the property information and also re-surveys the Real Property to ensure property is not utilized, underutilized, or not being put to optimum use. The following procedures are executed after Technical Records collects all of the property information:

Steps	Actions
1	Receive SF118 and the Title 5 reports.
2	LANTDIV contacts the Department of Housing and Urban Development (HUD) to verify property is not needed for the homeless. (In the event HUD does need it, the property transfer cannot be approved, and the disapproval notice is sent to both Technical Records and the Requestor).
3	LANTDIV contacts Headquarters, Marine Corps (HQMC) to verify the property is not needed by HQMC. (In the event that the request is not approved, the disapproval notice is sent to both Technical Records and the Requestor).
4	LANTDIV notifies the State and Federal Agencies of the excess of property. (In the event the property transfer is not needed by State or other Federal Agencies, LANTDIV notifies the General Services Administration (GSA). The GSA will sell the property if it is land or process disposal if the property is a building).
5	LANTDIV completes quick deed paper work and processes the transfer.
6	LANTDIV forwards all paperwork to the Real Property Accounting Office upon completion of transfer.
7	The Real Property Accounting Office records transfer in Internet Navy Facilities Asset Data Store (iNFADS).

Table 4-1: Property Transfer Actions.



Process Flow:**Figure 4-5. Real Property-Transfer.**

Process Flow:**Figure 4-5. Real Property-Transfer-MCB Camp Lejeune (Cont).**

Management Control Point (MCP). In Figure 4-5, *Transfer*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activities to help ensure the accurate processing of a disposition:

- The Deputy AC/S receives a property transfer request from the Technical Records. The property transfer request is reviewed and either approved or disapproved.
- The HUD receives the property transfer request from the LANTDIV. The property transfer request is reviewed to determine if the property is needed for the homeless.
- The HQMC receives the property transfer request from the LANTDIV. The property transfer request is reviewed and either approved or disapproved.
- The State/Federal Agency receives the property transfer request from the LANTDIV. The property transfer request is reviewed to determine if there is a need for the property.
- The LANTDIV completes disposal paperwork for buildings to be disposed.
- The LANTDIV completes quick deed paperwork to transfer the property.



5.0 FACILITIES MANAGEMENT

Overview. Facilities management is the process of planning, organizing, leading and controlling Real Property resources of an organization in order to meet its mission in the most cost effective manner. Facilities management consists of three main aspects:

- Sustainment: Maintenance and repair activities necessary to keep an inventory of facilities in good working order. Includes regularly scheduled adjustments and inspections, preventive maintenance tasks, and emergency response and service calls.
- Restoration: Restoration of Real Property to such a condition that it may be used for its designated purpose. Includes repair or replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes.
- Modernization: Alteration or replacement of facilities solely to implement new or higher standards, to accommodate new functions, or to replace building components that typically last more than 50 years (such as the framework or foundation).

Requirements. The Department of Defense Financial Management Regulation (DoDFMR) Volume 4, Chapter 6, *Property, Plant and Equipment* prescribes the accounting standards and related management requirements necessary to account for Real Property:

- Improvements to General PP&E Real Property, that equal or exceed the DoD capitalization threshold, must be individually capitalized and recorded within real property accountability, management or accounting systems and depreciated over the applicable DoD standard recovery period.

The Department of Defense Instruction (DoDI) 4165.6, *Real Property Acquisition, Management, and Disposal* prescribes Facilities management requirements for Marine Corps Real Property:

- DoD Components must ensure that Real Property holdings under their control are being used to the maximum extent possible consistent with peacetime and mobilization requirements. Each Military Department must maintain a program monitoring the use of Real Property.

The Military Departments are encouraged to use Outgrant authority whenever possible. Unimproved lands (e.g., buffer, safety, restrictive, or maneuver areas) or other Real Property, temporarily not needed for DoD use, may be outgranted when interim usage will not interfere with Real Property held by the Department.



Process Flows. The following process flows are included in the Facilities management process:

- Ingrants
- Outgrants
- Outgrants One-Year License
- Capital Improvement via Facility Acquisition Inventory Data Sheet (FAIDS)



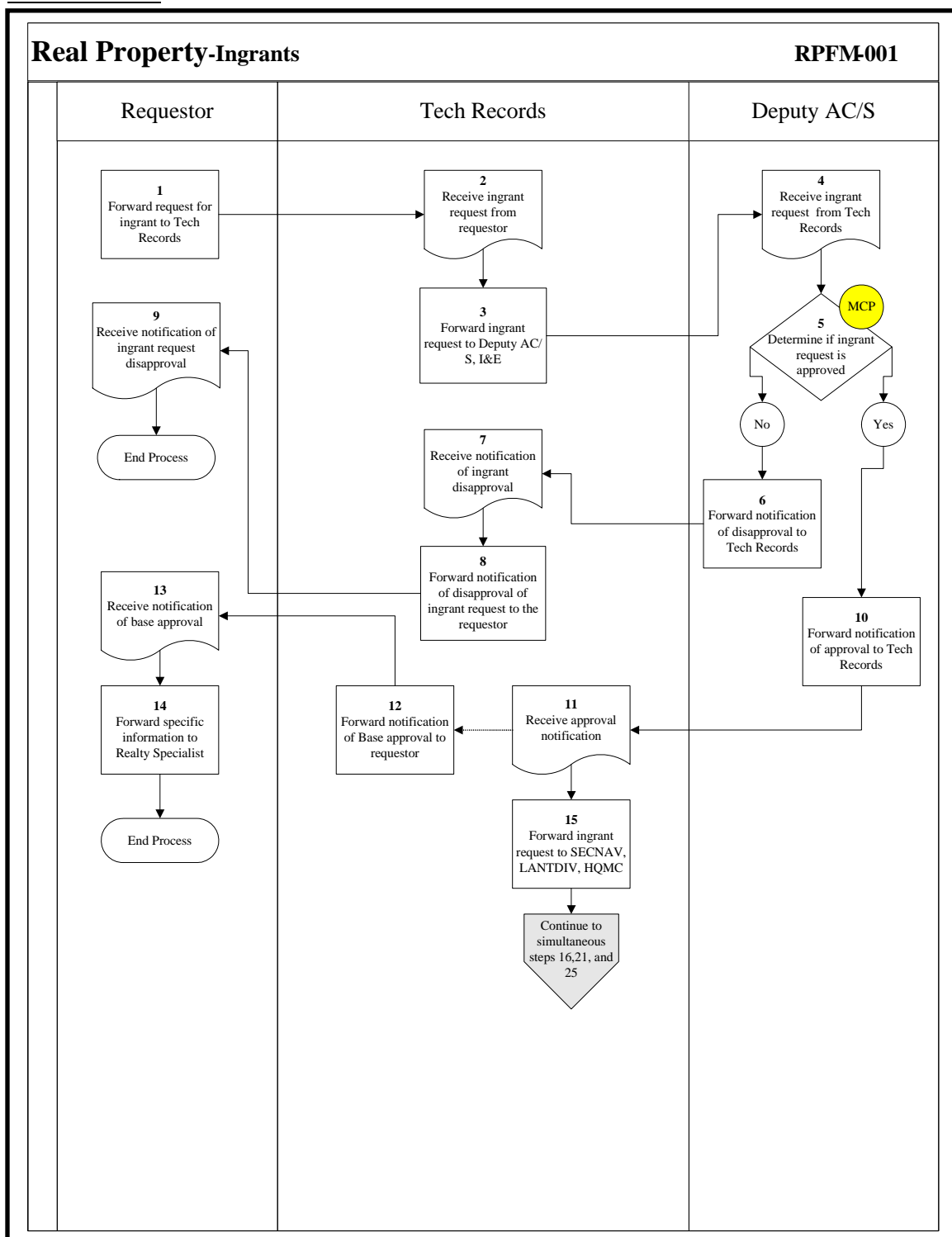
Ingrant Narrative. The Ingrant request is received from a requester to begin the *Ingrant* process. An Ingrant is a contract or agreement (such as lease, license, or permit) conveying Real Property use to the Marine Corps, usually for a specified consideration (rent or other remuneration). Examples of Ingrants include military recruiting held in various public facilities including shopping centers and high schools.

After receiving the Ingrant request, Technical Records forwards the request to the Deputy AC/S. The Deputy AC/S determines whether to approve the Ingrant request by reviewing the property plan provided by the Planning Branch and determining if the Ingrant will benefit the Government. If the Ingrant request is approved, a notification of Base approval is sent to Technical Records, and Technical Records sends the approval to the Requestor. The Requestor then forwards the Ingrant's detailed information to a Realty Specialist. In the event the Ingrant request is not approved by the Deputy AC/S, a notification of disapproval is sent to Technical Records and Technical Records sends the disapproval to the Requestor.

If the Base approves the Ingrant request, Technical Records forwards the Ingrant request to higher-level organizations, specifically Secretary of the Navy (SECNAV), Navy Facilities (NAVFAC) Atlantic Division (LANTDIV), and Headquarters, Marine Corps (HQMC) for approval. SECNAV, LANTDIV, and HQMC simultaneously review the Ingrant request and decide if it is approved by determining if the Ingrant will benefit the Government or not. If all three offices approve the Ingrant request, three individual approval notifications will be sent to Technical Records. The LANTDIV is also responsible for completing and sending a Real Estate action in that case. The Technical Records then updates iNFADS with a new Ingrant record.

In the event that any of these three offices disapproves the Ingrant request, a notification of disapproval will be sent back to Technical Records via LANTDIV. Technical Records is responsible to send the disapproval to the Requestor.



Process Flow:**Figure 5-1. Real Property-Ingrants.**

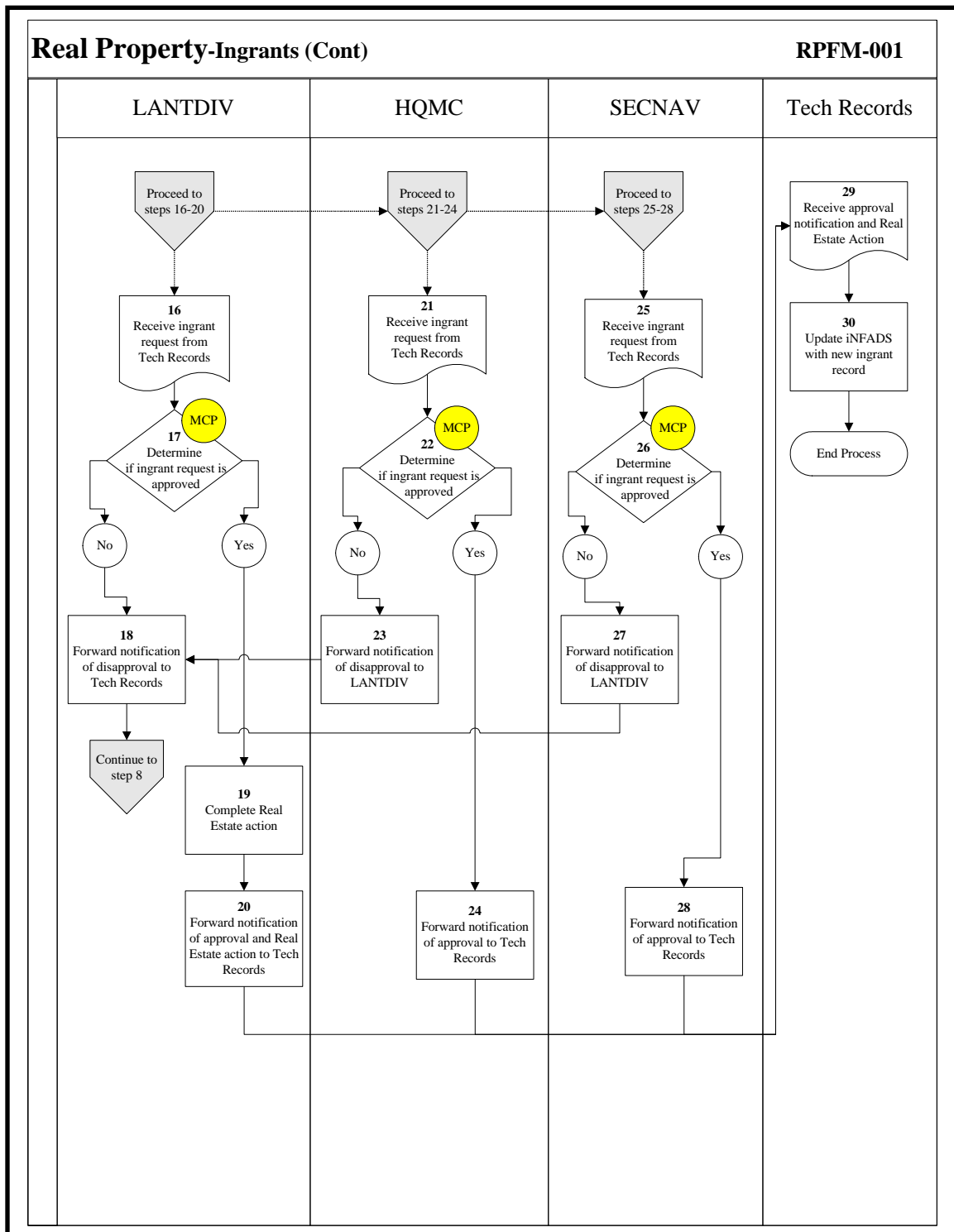
Process Flow:

Figure 5-1. Real Property-Ingrants (Cont).



Management Control Point (MCP). In Figure 5-1, *Ingrants*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activities to help ensure the accurate processing of facilities management:

- The Deputy AC/S receives an Ingrant request from the Technical Records. The property transfer request is reviewed and either approved or disapproved.
- The LANTDIV receives an Ingrant request from the Technical Records. The property transfer request is reviewed and either approved or disapproved.
- The HQMC receives an Ingrant request from the Technical Records. The property transfer request is reviewed and either approved or disapproved.
- The SECNAV receives an Ingrant request from the Technical Records. The property transfer request is reviewed and either approved or disapproved.



Outgrant Narrative. The Outgrant request is received from a requester to begin the *Outgrant* process. An Outgrant is a contract or agreement conveying the use of Marine Corps property (land, building or utility) to either a Government agency or private concern, usually for a specified consideration (rent or other remuneration). The following are types of Outgrants:

- **Leases:** written agreements, which convey possessory interest in property for a specified period of time
- **Easements:** grant right to use property for a specific purpose.
- **Licenses:** any right of use or occupation of Real Property that is not an interest in land. Grant permission to use property for a specified purpose without conveying an interest in the property.
- **Permits:** similar to licenses, authorize the use of Marine Corps property by another Federal Agency.

After receiving the Outgrant request, Technical Records forwards the request to the Deputy AC/S. The Deputy AC/S determines whether to approve the Outgrant request by reviewing the property plan submitted by the Planning Branch and determining if the Outgrant will benefit the Government. If the Outgrant request is approved, a notification of Base approval is sent to Technical Records, and Technical Records sends the approval to the Requestor. The Requestor then forwards the Outgrant's detailed information to a Realty Specialist. In the event the Outgrant request is not approved by Deputy AC/S, a notification of disapproval is sent to Technical Records, and Technical Records sends the disapproval to the Requestor.

If the Base approves the Outgrant request, Technical Records forwards the Outgrant request to higher-level organizations, specifically Secretary of the Navy (SECNAV), Navy Facilities (NAVFAC) Atlantic Division (LANTDIV), and Headquarters, Marine Corps (HQMC) for approval. SECNAV, LANTDIV, and HQMC simultaneously review the Outgrant request and decides if it is approved by determining if the Outgrant will benefit the Government or not. If all three offices approve the Outgrant request, three individual approval notifications will be sent to Technical Records. LANTDIV is also responsible for completing and sending Real Estate action in that case. Technical Records then updates the Internet Navy Facilities Asset Data Store (iNFADS) with a new Outgrant record.

In the event that any of these three offices disapproves the Outgrant request, a notification of disapproval will be sent to Technical Records via LANTDIV. Technical Records is responsible to send the disapproval to the Requestor.



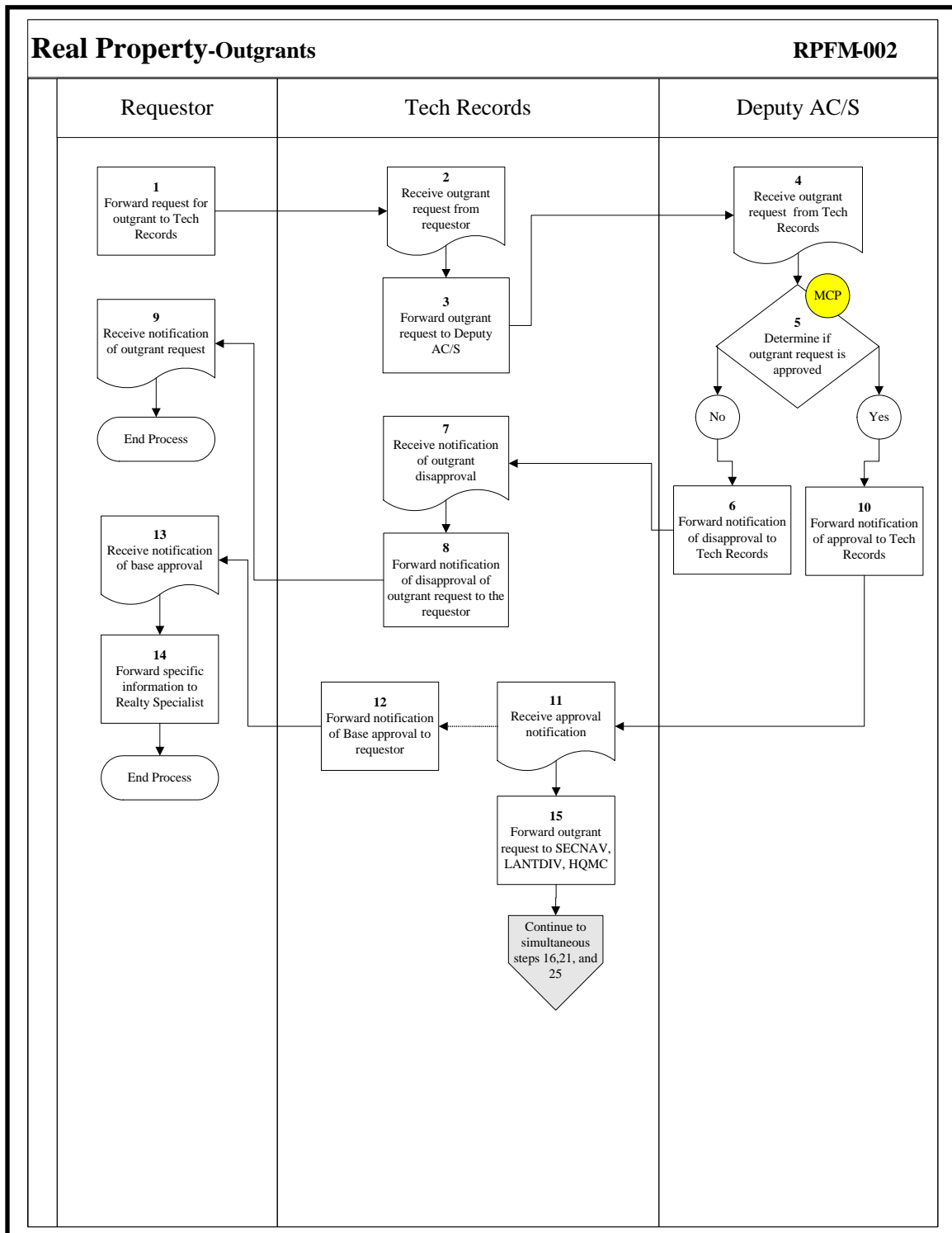
Process Flow:

Figure 5-2. Real Property-Outgrants.



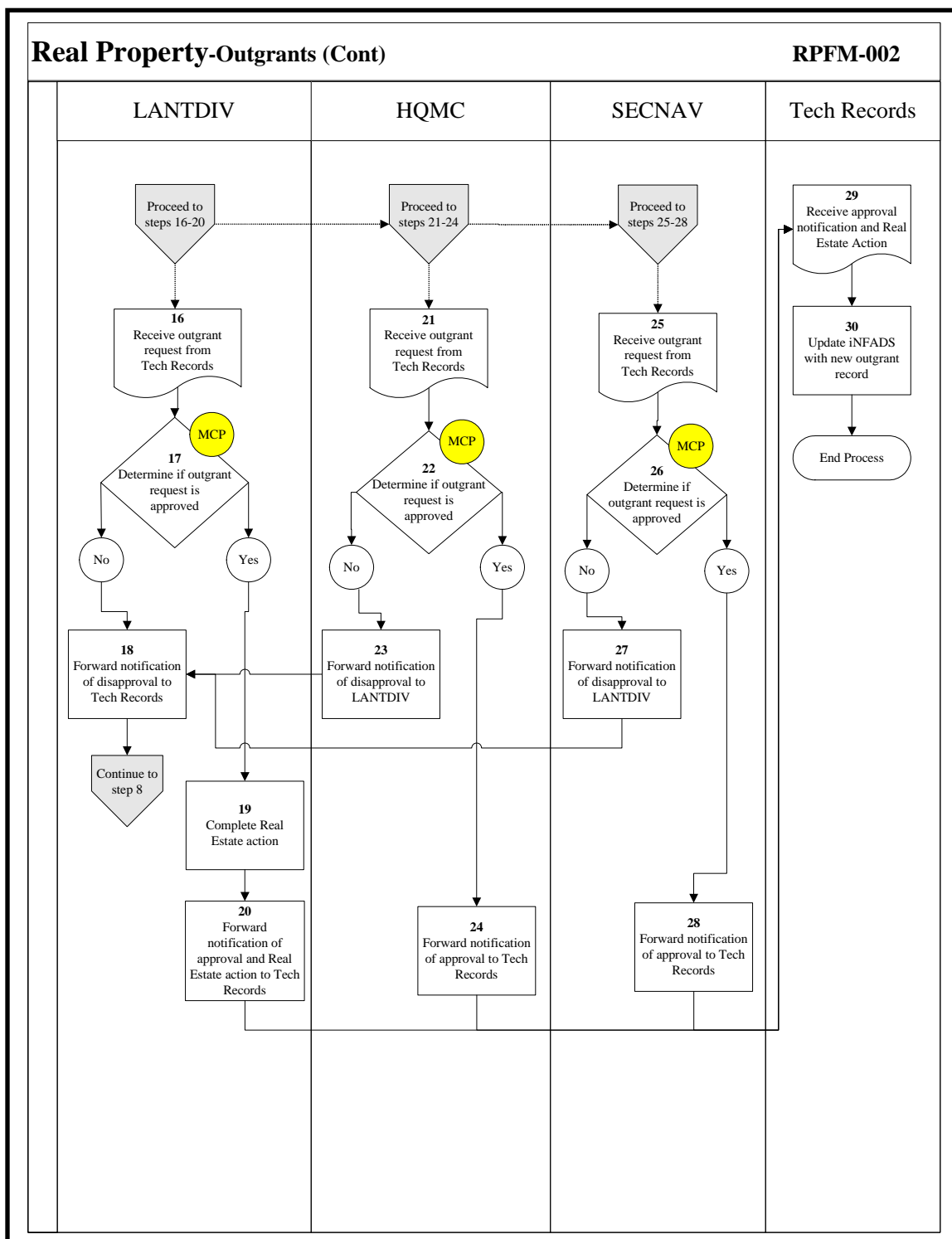
Process Flow:

Figure 5-2. Real Property-Outgrants (Cont).



Management Control Point (MCP). In Figure 5-2, *Outgrants*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activities to help ensure the accurate processing of facilities management:

- The Deputy AC/S receives an Outgrant request from the Technical Records. The property transfer request is reviewed and either approved or disapproved.
- The SECNAV receives an Outgrant request from the Technical Records. The property transfer request is reviewed and either approved or disapproved.
- The LANTDIV receives an Outgrant request from the Technical Records. The property transfer request is reviewed and either approved or disapproved.
- The HQMC receives an Outgrant request from the Technical Records. The property transfer request is reviewed and either approved or disapproved.



Outgrant One-Year License Narrative. The Outgrant request is received from a requestor to begin *the Outgrant One-Year License* process. An Outgrant is a contract or an agreement (easement, lease, license, permit, or use agreement) conveying the use of Marine Corps property (land, building or utility) to either a Government agency or private concern, usually for a specified consideration (rent or other remuneration).

Technical Records is a branch of Public Works and is for all Real Estate Transactions, Ingrants/Outgrants, Transfer reporting in the Internet Navy Facilities Asset Data Store (iNFADS), and Facility Acquisition Inventory Data Sheet (FAIDS) completion.

After receiving the One-Year Outgrant request, Technical Records forwards the request to the Deputy Assistant Chief of Staff (AC/S) of the Marine Corps. The Deputy AC/S decides if the Outgrant request is approved by reviewing the property plan with the Planning Branch and determining if the Outgrant will benefit the Government or not. If the Outgrant request is approved, a notification of Base approval will be sent to Technical Records. Technical Records sends the approval and a request for additional information to the Requestor. The Requestor then forwards the Outgrant's detailed information to Technical Records. Using the information provided by the Requestor, Technical Records creates and processes the license paperwork. The license is forwarded to the Deputy AC/S for a signature. Since the Outgrant request is only for a one-year license, the Deputy AC/S has the authority to approve the request. The Deputy AC/S signs the license and sends the license back to Technical Records. Upon receipt of the signed license, Technical Records forwards the license to the Requestor for a signature. The Requestor signs the license and sends the license to Technical Records. Once the license is retrieved by Technical Records, iNFADS is updated with the One-Year Outgrant License.

In the event the Outgrant request is not approved by the Deputy AC/S, a notification of disapproval is sent to the Requestor.



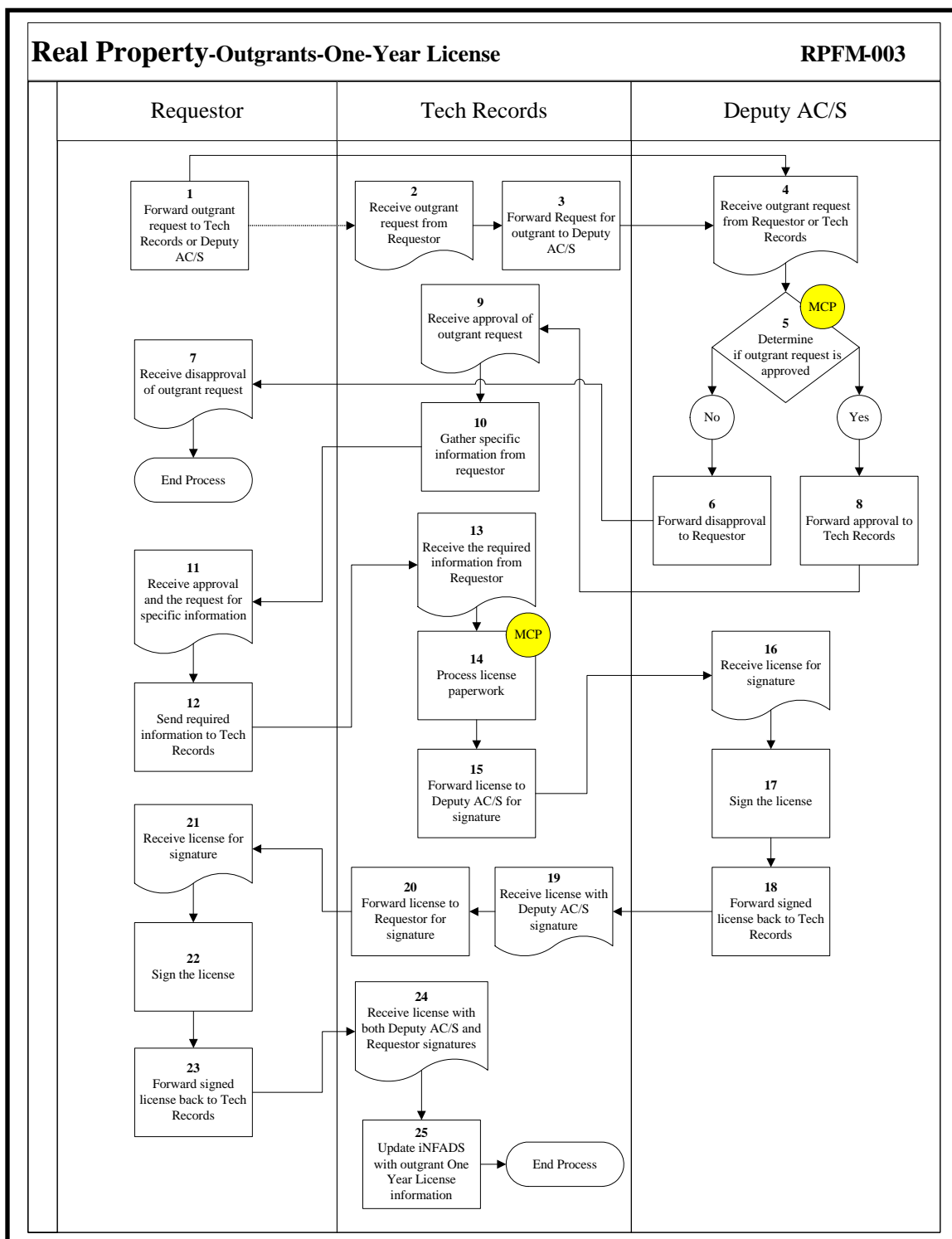
Process Flow:

Figure 5-3. Real Property-Outgrants One-Year License.



Management Control Point (MCP). In Figure 5-3, *Outgrants One-Year License*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activities to help ensure the accurate processing of facilities management:

- The Deputy AC/S receives an Outgrant request from the Technical Records. The property transfer request is reviewed and either approved or disapproved.
- The Technical Records receives detailed property information from the requestor to process the Outgrant license paperwork.



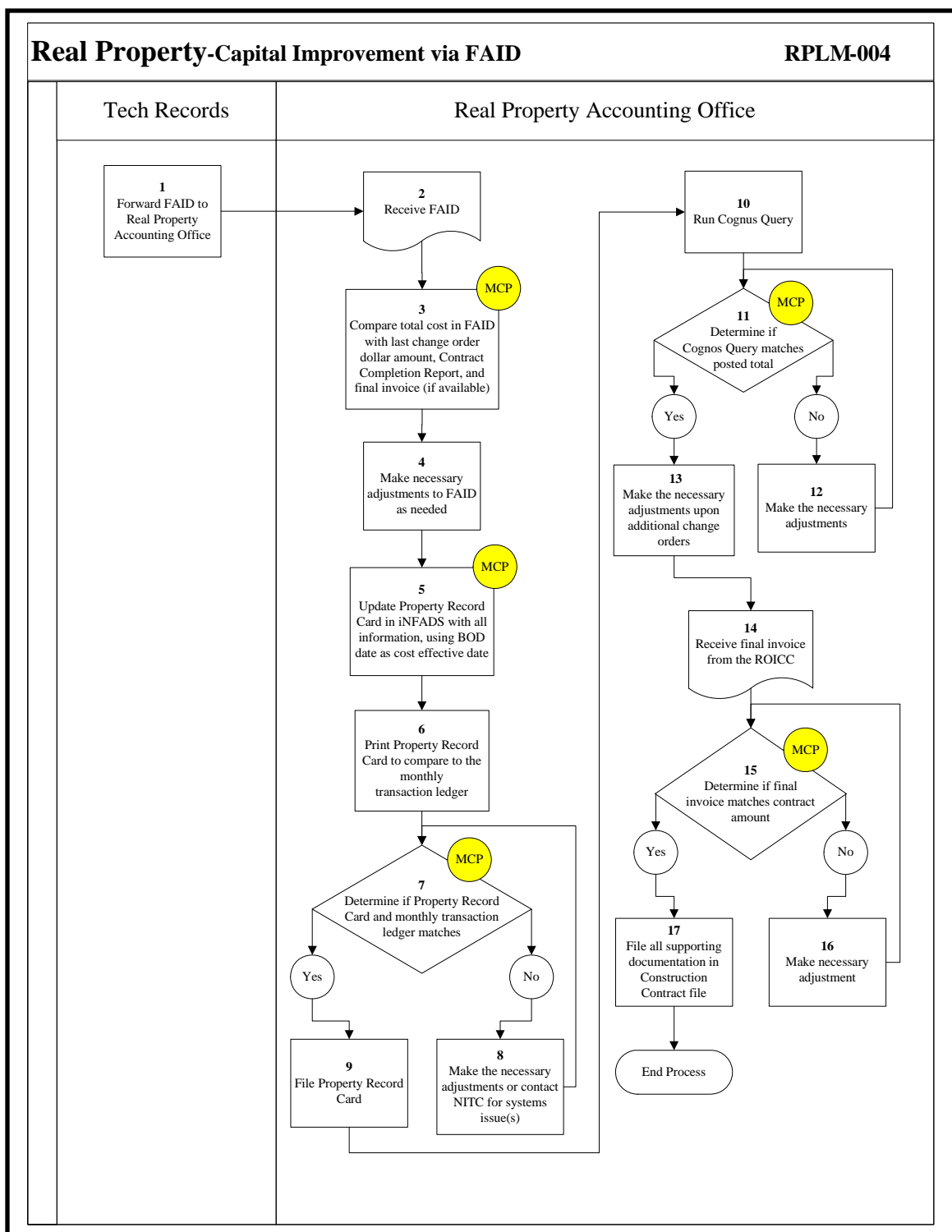
Capital Improvement via FAIDS Narrative. Technical Records notifies the Real Property Accounting Office of the Facility Acquisition Inventory Data Sheet (FAIDS) for a Capital Improvement to begin the *Capital Improvement via FAIDS* process. The Real Property Accounting Office receives the notification and prints a copy of the completed FAIDS from FileMaker. The FAIDS total cost is reconciled to the last change order dollar amount, the Contract Completion Report, and the final invoice if it is available. If the total cost of the FAIDS does not match the cost on the Contract Completion Report, the Real Property Accounting office corrects the FAIDS by making the necessary adjustments. If the total cost of the FAIDS does reconcile to the Contract Completion Report, the Property Record Card is updated in Internet Navy Facility Asset Data Store (iNFADS). The Beneficial Occupation Date (BOD) is entered as the cost effective date. To ensure the transaction posted correctly, the Property Record Card is printed and compared to the monthly transaction ledger.

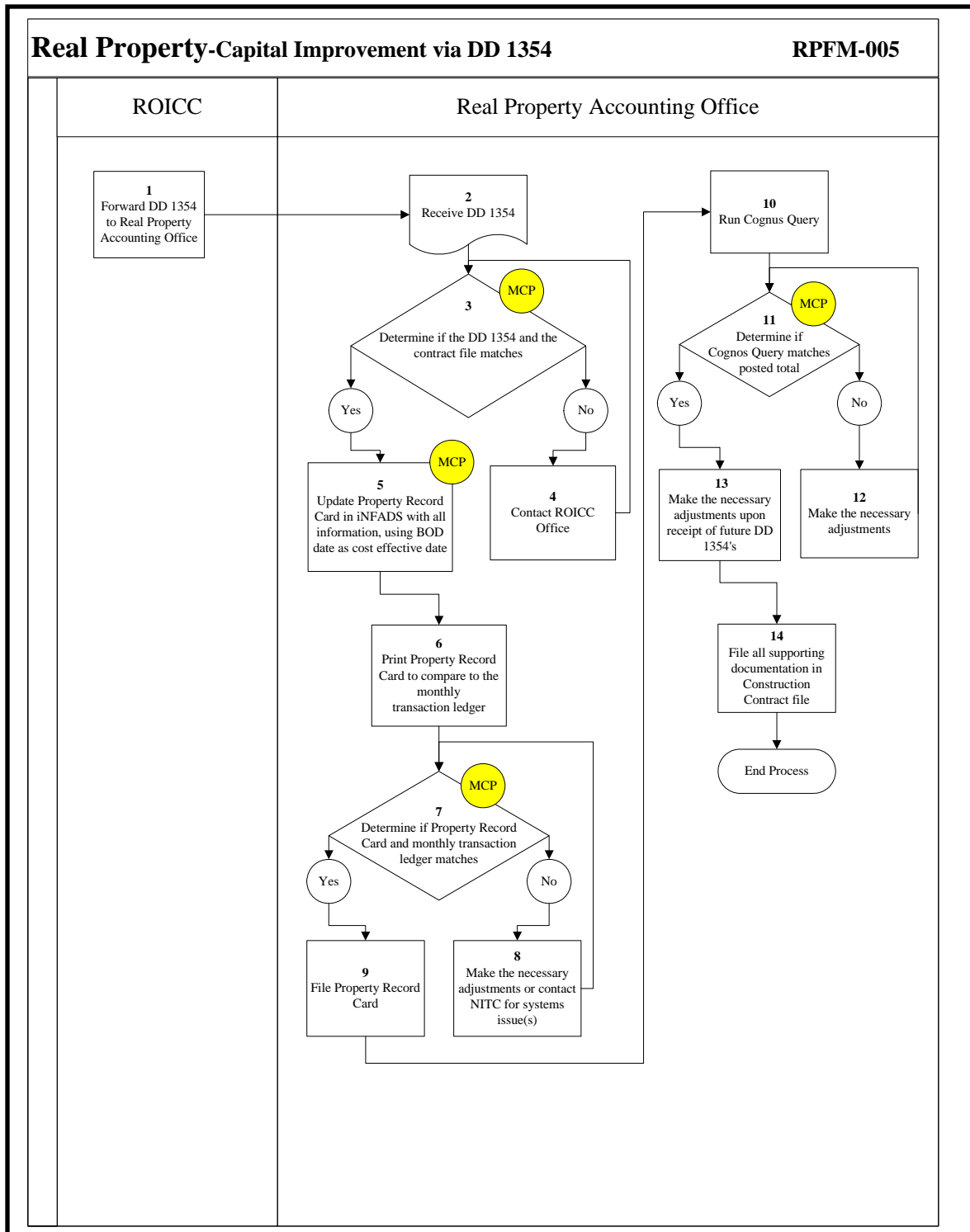
The monthly transaction ledger is a monthly report that captures changes to property records during the month and is obtained from the Navy Facilities (NAVFAC) Information Technology Center (NITC) website. The totals are used to verify dollar values in iNFADS. If the Property Record Card does not reconcile to the transaction ledger, the Real Property Accounting Office updates iNFADS with the correct information. In some instances where there is a system issue, the Real Property Accounting Office cannot correct the discrepancy. The system issue is escalated to NITC to resolve.

Upon successful reconciliation of the Property Record Card to the monthly transaction ledger, the Real Property Accounting Office files the Property Record Card in the Active Property Record Card file. The Real Property Accounting Office runs a Cognos query to review the Government dollars posted in iNFADS. In reviewing the query, the Real Property Accounting Office verifies that the query totals equal the contract total costs. In the event that totals do not match, the Real Property Accounting Office updates iNFADS with necessary adjustments. After the adjustments are made, the totals are verified again. If the totals balance, the Real Property Accounting Office holds the file until the final invoice is received.

Upon receipt of the final invoice, the Real Property Accounting Office determines if the final invoice amount matches the contract amount. If the invoice and the contract totals do not equal, the Real Property Accounting Office adjusts the contract to reflect the accurate totals shown on the final invoice. Once the invoice and contract amounts equal, the records are filed in the Construction Contract file.



Process Flow:**Figure 5-4. Real Property-Capital Improvement via FAIDS.**

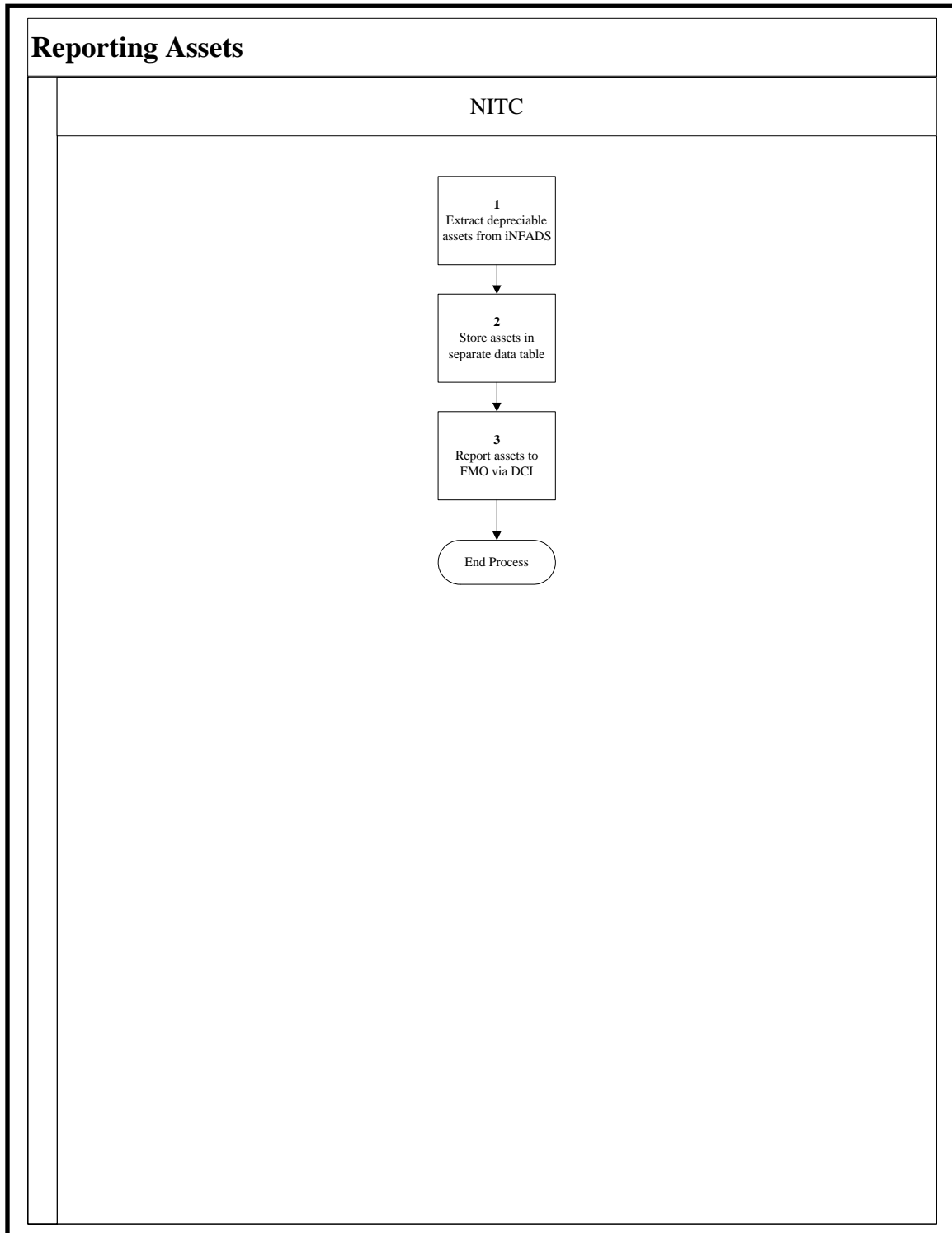
Process Flow:**Figure 5-5. Real Property-Capital Improvement via DD1354.**

Management Control Point (MCP). In Figure 5-4, *Capital Improvement via FAIDS*, the points where reconciliation, review, accuracy checks and approval processes are performed have been identified as a Management Control Point (MCP). The Marine Corps uses the following management control activities to help ensure the accurate processing of facilities management:

- The Real Property Accounting Office receives a FAIDS from the Technical Records. The FAIDS is compared to last change order dollar amount, the Contract Completion report, and the final invoice to ensure accuracy.
- The Real Property Accounting Office updates the Property Record Card in iNFADS with the correct information and includes the BOD date as the cost effective date.





APPENDIX A: FINANCIAL REPORTING PROCESS FLOWS***Process Flow:*****Figure A-1. Real Property-Reporting Assets.**

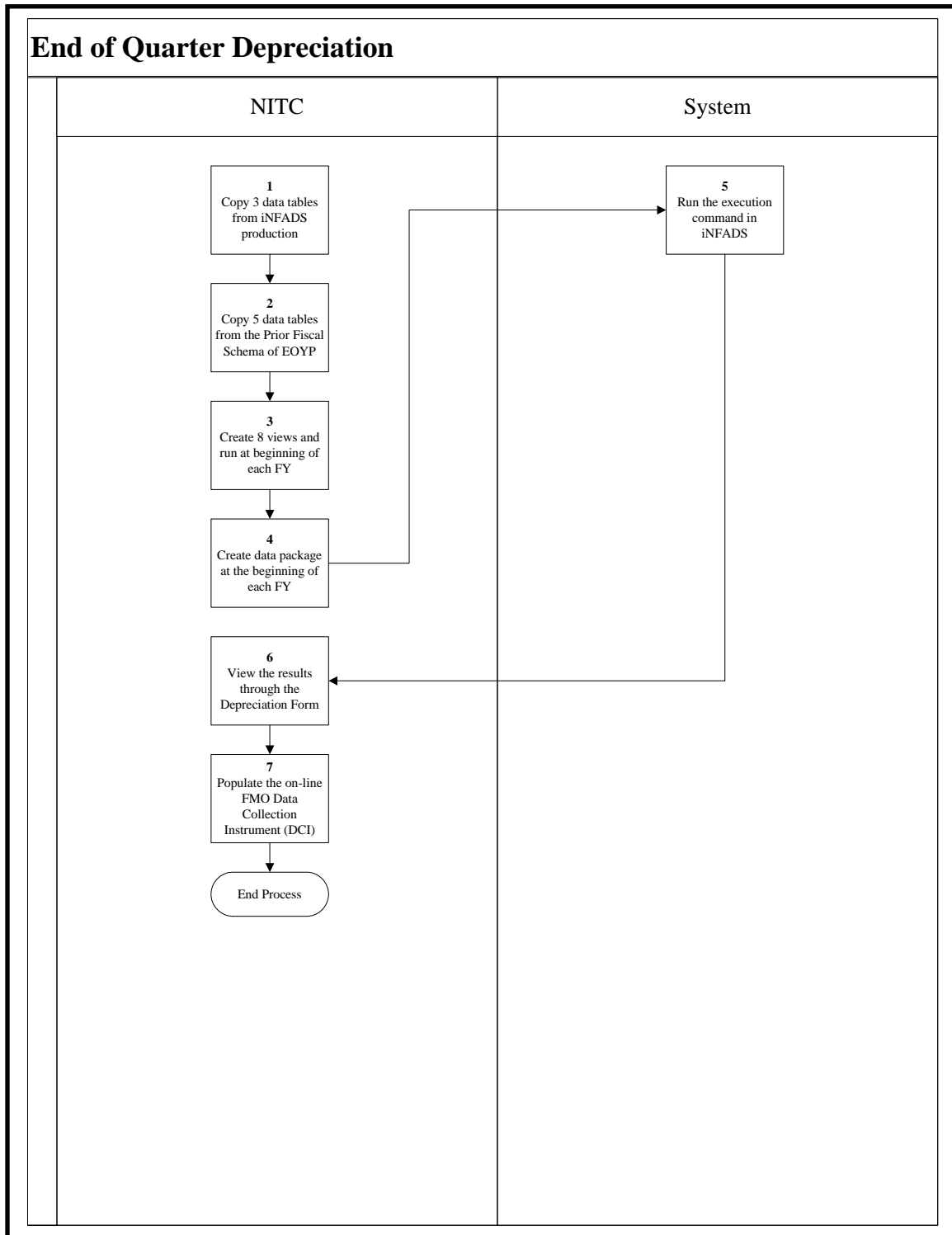
Process Flow:

Figure A-2. Real Property-End of Quarter Depreciation.



APPENDIX B: PERSONNEL MATRIX

The proceeding table illustrates the series and grade, skill set and skill level, training required, certifications, and the number of resources for each Real Property Branch.

- **Series and Grade of Personnel:** Lists the series and grade required to complete each task within the process. The grade level of a job represents a range of knowledge, skills, and responsibilities sufficiently similar to warrant a common range of rates of basic pay on a local area pay schedule. The series is a category determined by the Federal Government that groups similar jobs by number. For example, grade (GS-8, GS-13) can be either GS-General Schedule, which is usually administrative, clerical or supervisory.
- **Required Training:** Identifies which, of the specified available training courses, are required.
- **Certifications:** For each task within the process, identifies what, if any, certifications are required of personnel who perform the given task.
- **Number of People for Each Branch:** Identifies the amount of people needed within each step of the process, and the amount the branch currently has for each step of the process.

	Grade	Series	Current	Required	Geographic Info System (GIS)	Construction	Facility Planning	Economic Analysis	Professional Engineering License	MIT/CON	FAID	Real Estate	IN/ADS	On-the-Job (OJT)
Public Works Office														
<i>Real Estate Branch/ Technical Records</i>			2	4										
Realty Specialist	9	*	1	1						X	X	X	X	X
Engineering Technician	6	*	1	1						X	X	X	X	X
Environmentalist	12	*	*	*						X	X	X	X	X
Support Staff	6	*	0	2						X	X	X	X	X
										X				
Installation Development Division														
<i>Facilities Utilization Branch</i>			4	5										
Inventory Team Member	C	C	2	2								X	X	X
Manager	*	*	*	*								X	X	X
<i>Real Property Accounting Branch</i>			2	3										
Real Property Supervisor	7	0303	1	1						X	X		X	X
Real Property Project Assistant	6	0303	1	2						X	X		X	X
<i>Planning Branch</i>			5	7										
Planner	11	*	3	5	X	X	X	X	X	X			X	X
Account Technician	*	*	1	1	X	X	X	X	X	X			X	X
Facility Planning Clerk	*	*	1	1	X	X	X	X	X	X			X	X

Table B-1: Personnel Matrix

Legend: Contractor (C) General Service (GS) * Need additional information





APPENDIX C: MANAGEMENT REPORTS

The table below illustrates the management reports that are generated during the business processes. Management reports are documents or files, which provide information in the analysis and decision-making process pertaining to the process and issues related to the process. The table shows the functional area, system name that produces management reports within that functional area, the name of the management report, and the title and organization of the person who reviews the report.

Financial Improvement Initiative Workshop Real Property System and Management Report Reference Tool			
Functional Area	System	Report	Personnel
<u>1.0 ACQUISITION</u>			
	iNFADS	Monthly Transaction Ledger	Real Property Accounting Office
	iNFADS	Contract Completion Report	Real Property Accounting Office
	iNFADS	COGNOS Query	Real Property Accounting Office
<u>2.0 DISPOSAL</u>			
	iNFADS	Monthly Transaction Ledger	Real Property Accounting Office

Table C-1: Management Report Reference Tool





APPENDIX D: TABLE OF SOURCE DOCUMENTS

The table below provides a list of all the forms that require completion during the specific business events outlined in the table. Links to the forms are included in the table.

Form	Uses
Forms Used in Planning	
DD1391	Military Construction Project Data
NAVMC Form 10956	Summary for Correction of Facility Deficiencies
Forms Used In Transfer	
Standard Form 118 (SF118)	Documents Excess Real Property
Other Forms Used	
DD1354	Reports Transfer and Acceptance of Military Real Property

Table D-1: Source Documents.

Sample forms for the following Real Property business processes are provided for review. The sample forms include but are not limited to:

- DD1391
- NAVMC Form 10956
- Standard Form 118
- DD1354



STANDARD FORM 118

REPORT OF EXCESS REAL PROPERTY				1. HOLDING AGENCY NO.		DATE RECEIVED (GSA use only)		
				2. DATE OF REPORT		GSA CONTROL NO. (GSA use only)		
3. TO (Furnish address of GSA regional offices) General Services Administration				4. FROM (Name and address of holding agency)				
5. NAME AND ADDRESS OF REPRESENTATIVE TO BE CONTACTED				6. NAME AND ADDRESS OF CUSTODIAN				
7. PROPERTY IDENTIFICATION				8. PROPERTY ADDRESS (Give full location)				
9. SPACE DATA						10. LAND		
USE	NUMBER OF BUILDINGS (1)	FLOOR AREA ² (Sq. ft./M)	NUMBER OF FLOORS (3)	FLOOR LOAD CAPACITY (4)	CLEAR HEADROOM (5)	(From SF 1 18B)	ACRE/HECTARE OR SQ. FT./M ²	
A. OFFICE						A. FEE		
B. STORAGE						B. LEASED		
C. OTHER (See 9F)						C. OTHER		
D. TOTAL (From SF 1 18A)						D. TOTAL		
E. GOV'T INTEREST:			F. SPECIFY "OTHER" USE ENTERED IN C ABOVE					
(1) OWNER								
(2) TENANT								
11. COST TO GOVERNMENT				12. LEASEHOLD(S) DATA (Use separate sheet if necessary)				
ITEM		SCHEDULE	COST		A. TOTAL ANNUAL RENTAL		\$	
A. BUILDINGS, STRUCTURES, UTILITIES, AND MISCELLANEOUS FACILITIES		A (Col. d)	\$		B. ANNUAL RENT PER SQ. FT./M ² OR ACRE/HECTARE		\$	
B. LAND		B (Col. f)			C. DATE LEASE EXPIRES			
C. RELATED PERSONAL PROPERTY		C (Col. h)			D. NOTICE REQUIRED FOR RENEWAL			
D. TOTAL (Sum of 1 1A, 1 1B, and 1 1C)			\$		E. TERMINAL DATE OF RENEWAL RIGHTS			
E. ANNUAL PROTECTION AND MAINTENANCE COST (Government-owned or leased)				F. ANNUAL RENEWAL RENT PER SQ. FT./M ² OR ACRE/HA.				\$
				G. TERMINATION RIGHTS (in days)				
				LESSOR GOVERNMENT				
13. DISPOSITION OF PROCEEDS				14. TYPE OF CONSTRUCTION				
15. HOLDING AGENCY USE				16. RANGE OF POSSIBLE USES				
17. NAMES AND ADDRESSES OF INTERESTED FEDERAL AGENCIES AND OTHER				INTERESTED PARTIES				
18. REMARKS								
NAME				SIGNATURE				
19. REPORT AUTHORIZED BY				TITLE				

AUTHORIZED FOR LOCAL REPRODUCTION
Previous edition is not usable

STANDARD FORM 118 (REV. 5-96)
Prescribed by GSA-FPMR (41 CFR) 101-47.202



[illegible]

DD 1391

1. COMPONENT		FY		MILITARY CONSTRUCTION PROJECT DATA		2. DATE (YYYYMMDD)		REPORT CONTROL SYMBOL	
3. INSTALLATION AND LOCATION				4. PROJECT TITLE					
5. PROGRAM ELEMENT		6. CATEGORY CODE		7. PROJECT NUMBER		8. PROJECT COST (\$000)			
9. COST ESTIMATES									
ITEM				U/M	QUANTITY	UNIT COST	COST (\$000)		
10. DESCRIPTION OF PROPOSED CONSTRUCTION									

DD 1354

TRANSFER AND ACCEPTANCE OF MILITARY REAL PROPERTY										Form Approved OMB No. 0704-0188																					
										PAGE 1 OF PAGES																					
Public reporting burden for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188), Washington, DC 20503.																															
1. FROM (Installation/Activity/Service and Zip Code) District Engineer U.S. Army Corps of Engineers, Mobile, AL 36628-0001			2. OPERATING UNIT		3. DISTRICT CODE K5		4. OPERATING AGENCY		5. DATE		6. JOB NUMBER		7. SERIAL NUMBER		8. CONTRACT NUMBER																
9. TO (Installation/Activity/Service and Zip Code)			10. OPERATING UNIT		11. DISTRICT CODE		12. OPERATING AGENCY		13. ACCOUNTING		14. ACCOUNTABLE		15. TYPE OF TRANSACTION A _ NEW CONSTRUCTION _ EXISTING FAC. _ CAPITAL IMP. _ OTHER (Specify)		16. PROJECT NUMBER																
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;">ITEM NO. 17</th> <th style="width: 10%;">CATEGORY CODE 18</th> <th style="width: 25%;">FACILITY (Category description)</th> <th style="width: 5%;">NO. OF UNITS 20</th> <th style="width: 5%;">TYPE 21</th> <th style="width: 5%;">UM 22</th> <th style="width: 10%;">TOTAL QUANTITY 23</th> <th style="width: 10%;">COST 24</th> <th style="width: 10%;">DRAWING NUMBERS 25</th> <th style="width: 20%;">REMARKS 26</th> </tr> </thead> <tbody> <tr> <td colspan="10" style="height: 300px;"></td> </tr> </tbody> </table>												ITEM NO. 17	CATEGORY CODE 18	FACILITY (Category description)	NO. OF UNITS 20	TYPE 21	UM 22	TOTAL QUANTITY 23	COST 24	DRAWING NUMBERS 25	REMARKS 26										
ITEM NO. 17	CATEGORY CODE 18	FACILITY (Category description)	NO. OF UNITS 20	TYPE 21	UM 22	TOTAL QUANTITY 23	COST 24	DRAWING NUMBERS 25	REMARKS 26																						
27. STATEMENT OF COMPLETION: The facilities listed hereon are in accordance with maps, drawings, and specifications and change orders approved by the authorized representative of the using agency except for the deficiencies listed on the reverse side.								28. ACCEPTED BY (Signature)		DATE																					
TRANSFERRED BY (Signature)					DATE			TITLE (Post Engr./Base Civ. Engr./Navy Rep.)		29. PROPERTY VOUCHER NUMBER																					
TITLE (Area Engr./Base Engr./DPWO)																															

DD Form 1354, FEB 90

Previous editions are obsolete.





APPENDIX E: INFADS & PROPERTY RECORD CARDS

The Internet Navy Facilities Assets Data Store (iNFADS) is an automated file of inventory data on each existing asset (building, structure, utility, and land) owned or leased by the Department of Navy (DoN), including the Marine Corps. The database includes information such as location, type of construction, acquisition cost, size, function users and condition.

Internet Navy Facility Assets Data Store - Production 27-APR-2005

Action Reports Navigate Help Window

Facility Planning Document

FPD UIC: M67001 MCB CAMP LEJEUNE NC Alt Host:

Category Code: 17110 ACADEMIC INSTRUCTION BLDG Sup Tenant:

Special Area: FA MONTFORD POINT Rqmt Approval: 18-FEB-2004 Requirement: 12-MAY-2004 Latest Change: 07-FEB-2005

	Requirement	UM	Adequate	Substandard	Inadequate	Other Assets	Deficient	Surplus
Area	184,730.00	SF	45,000.00	14,138.00	104,470.00	.00	139,730.00	
Other								
Alternate	1,999.00	PN	200.00	124.00	1,627.00	.00	1,799.00	

Total Proposed Adequate Assets... 184,730.00 Result of Proposed Action...

Existing Assets	Acquisitions	Action Notes	General Notes	Documents					
Fac Num	Pr Num	OG	Cond	Measurement	Def Codes	Action	Reference	Scope	NT
M104	203847		INAD	13,010.00	A20A23G09	DISPOS	P828	- 13,010.00	02
M123	203682		INAD	3,240.00	A30C30E04	DISPOS	P1033	- 3,240.00	01
M124	203714		INAD	3,240.00	A30C30E04	DISPOS	P1033	- 3,240.00	01
M125	203715		INAD	3,240.00	A30C30E04	DISPOS	P1033	- 3,240.00	01
M126	203716		INAD	3,240.00	A30C30E04	DISPOS	P1033	- 3,240.00	01
M127	203713		INAD	3,240.00	A30C30E04	DISPOS	P1033	- 3,240.00	01
M132	203851		INAD	8,276.00	A30C30E04	DISPOS	P1033	- 8,276.00	01
M201	203767		INAD	4,440.00	A30C30E04	DISPOS	P172	- 4,440.00	01
M216	203855		INAD	3,240.00	A30C30E04	DISPOS	P172	- 3,240.00	01
M218	203734		INAD	3,240.00	A30C30E04	DISPOS	P172	- 3,240.00	01



Figure E-1. iNFADS Screen Shot



Internet Navy Facility Assets Data Store - Production 27-APR-2005

Action Reports Navigate Help Window

Facility Planning Document

FPD UIC: M67001 MCB CAMP LEJEUNE NC Alt Host:
 Category Code: 17110 ACADEMIC INSTRUCTION BLDG Sup Tenant:
 Special Area: FA MONTFORD POINT Rqmt Approval: 18-FEB-2004 Requirement: 12-MAY-2004 Latest Change: 07-FEB-2005

	Requirement	UM	Adequate	Substandard	Inadequate	Other Assets	Deficient	Surplus
Area	184,730.00	SF	45,000.00	14,138.00	104,470.00	.00	139,730.00	
Other								
Alternate	1,999.00	PN	200.00	124.00	1,627.00	.00	1,799.00	

Total Proposed Adequate Assets... 184,730.00 Result of Proposed Action...

Existing Assets Acquisitions **Action Notes** General Notes Documents

01 P172/P1033: FY02 MCON project P172 will construct Phase I (84876 SF) and proposed FY07 MCON project P1033 will construct phase II (72,463 SF) of a consolidated academic instruction facility. Various existing historic buildings in the M100 and M200 areas will be vacated upon project completion. Exterior of all historic buildings vacated will be maintained until SHPO approval for demolition or appropriate conversion to other use has been determined. Current demolition plan for P172 includes: M205, M208, M209, M210, M221, M222, M224, M225, M226, M227, M228, M229, and M238. Current demolition plan for P1033 includes: M123, M124, M125, M126 and M127. Building M132 will be vacated upon the completion of Phase II and will be converted to another use to be determined at a later date. At the completion of Phase II, Buildings M403, M405, M406, M412, M413, and M420 will be converted to storage space (44112).

This action note is shared by 26 planning actions.

Figure E-2. iNFADS Screen Shot (cont)



CLASS 1 PROPERTY RECORD

CLASS 1 PROPERTY RECORD Report Date				15 JUN 2005 08:08:46	
Installation	M67001	MCB CAMP LEJEUNE NC	Property No	160000	
Special Area	SA	GREATER SANDY RUN AREA	Facility No		
'Reporting Claimant	M00027	MARCORP	Facility ID	N FA100000003514	
Mission Claimant	M00027	MARCORP	Facility Type	1 LAND	
Operational Claimant	N69292	CFFC	Action Type	3 CORRECTION	
Former Installation			Former PR No		
Facility Name	GSRA		Last Updated	30 SEP 2004	
Location			Excess and Disposal		
Region			Excess Action		
Country	US	UNITED STATES	Excess Date		
State	37	NORTH CAROLINA	Consolidated PR		
County	133	ONSLOW	Disposal Method		
City	0735	CAMP LEJEUNE	Disposal Date		
Map Grid			Disp Contract No		
Acquisition					
Estate Code	Land CCN	11 MCON	Acquisition Date	19 MAR 1992	\$ 27,252,156
		91110 LAND - PURCHASE	Government Cost		
Acq Contract		GSRA	Apr/Est Value/Date		
Measurements	English (AC)	Metric (HA)		English (AC)	Metric (HA)
Improved Area Semi-improved Area			Fld Pln 100 Yr w/ Wave Fld		
Unimproved Area	40,126.23	16,238.51	Pln 100 Yr w/o Wave Fld		
Other Area			Pin 500 Yr w Wave Fld Pln		
			500 Yr w/o Wave		
Total Area	40,126.23	16,238.51			
Utilization					
User Activity	M67001	MCB CAMP LEJEUNE NC		English (AC)	Metric (HA)
Outgrant Identifier			Land Area	40,080.18	16,219.87
Utilization					
User Activity				English (AC)	Metric (HA)
Outgrant Identifier AA			Land Area	19.27	7.80
Outgrant Data					
Outgrant I D	1406		Maximum Term 0		
Lessee Name	CAROLINA PWR & LIGHT		Rent Paid Value		
Contract No	N6247093RP00188		Rent Paid Code		
Orig Contract No	E038		Outgrantee Code 6 NON GOV Otg		
Effective Date	19 MAY 1993		Instrument 5 OUTEASMT		
Expiration Date					
Other Utilizations on this Outgrant Contract:					
Inst UIC	Prop No	Facility Name	Fac No	Use CCN	



Utilization

User Activity

English (AC)

Metric (HA)

Outgrant Identifier AB

Land Area

25.24

10.21

Outgrant Data

Outgrant I D 1409

Maximum Term 0

Lessee Name CAROLINA PWR & LIGHT

Rent Paid Value

Contract No N6247093RP00210

Rent Paid Code

Orig Contract No E039

Outgrantee Code 6 NON GOV Otg

Effective Date 19 MAY 1993

Instrument 5 OUTEASMT

Expiration Date

Other Utilizations on this Outgrant Contract: Inst

UIC

Prop No

Facility Name

Fac No

Use CCN

Utilization

User Activity

English (AC)

Metric (HA)

Outgrant Identifier AC

Land Area

1.54

.62

Outgrant Data



CLASS 2. PROPERTY RECORD Report Date

15 JUN 2005 07:57:59

Installation		209622		
Special Area		1230		
Reporting Claimant	M67001	MCB CAMP LEJEUNE NC	Property No	NFA100000342266
Mission Claimant	DA	HADNOT POINT	Facility No	2 BUILDING
Operational Claimant	M00027	MARCORP	Facility ID	1 ACQUISITION
Former Installation	M00027		Facility Type	
Facility Name	--N69292	MARCORP	Action Type	
Location		CFFC	Former PR No	13 JUN 2005
			Last Updated	
Region	COMMISSARY			
Country	US		Excess and Disposal	
State	37		---	
County	133		Excess Action	
City	0735	UNITED STATES	Excess Date	
Map Grid	F283	NORTH CAROLINA	Consolidated PR	
		ONSLOW	Disposal Method	
Acquisition	CAMP LEJEUNE		Disposal Date Disp	23 APR 1993 \$
Estate Code			Contract No	
Land CCN				
Acq Contract	11 MCON		Measurements	English
	91140 LAND - CONDEMNATION	Acquisition Date	Length	328.00
Maintenance	N6247089C9094	Government Cost	Width	224.00
		Apr/Est Value/Date	Height	22.00
			Area	75,596.50
Preponderant User			Area UM	SF
Prime Use CCN	M67001	MCB CAMP LEJEUNE NC	Number of Stories	1
Prime FAC Code	74023	COMMISSRY INC BACKUP STRG	Irregular Shape Ind	Y
Mnt Fund Source	7349	COMMISSARY		
Mnt Responsibility	4	USMC		
Eng Eval Date				
Current PRV	M67001	MCB CAMP LEJEUNE NC		
	20 JUN 2002			
	\$ 11,818,535	PRV at EOY04 \$		11,797,697



Utilization

1

Fpc Use CCN	74019 CREDIT UNION	Min Val	16.00 DoD FAC 7347
Facility Use	CREDIT UNION	Max Val	30,000.00 DoD UM SF
User Activity	M67001 MCB CAMP LEJEUNE NC	Otg Identifier	AA Primary UM SF

	English	Area	Metric	English	Other	Metric	Alternate English	Metric
Adequate		6.25	.58					
Substandard								
Inadequate								
Total		<u>6.25</u>	<u>.58</u>					
Unit of Meas								
Deficiencies	Adq	SF	M2	Sub			Inad	

Outgrant Data

Outgrant I D	8501	Maximum	Term
Lessee Name	MFCU	Rent Paid	Value
Contract No	N62 004RP0016	Rent Paid	Code
Orig Contract No	LIC 0 115	Outgrantee	Code
Effective Date	01 MAY 2004 Expiration	Otg Instrument	5 OTHER GOV
	Date 01 MAY 2009		4 LICENSE/PERMIT

Other Utilizations on this Outgrant Contract: Inst
UIC Prop No Facility Name

Fac No Use CCN

Utilization

Fac Use CCN	74018	NK	Min Val	16.00 DoD FAC 7347
Facility Use	BANK		Max Val	30,000.00 DoD UM SF
User Activity	M67001 MCB CAMP LEJEUNE NC		Otg Identifier	AB Primary UM SF

	English	Area	Metric	English	Other	Metric	Alternate English	Metric
Adequate			.58					
Substandard		6.25						
Inadequate								
Total			.58					
Unit of Meas		6.25 SF	M2					
Deficiencies	Adq		Sub				Inad	

Outgrant Data

Outgrant I D	8502	Maximum	Term
Lessee Name	1ST CITIZENS BANK	Rent Paid	Value
Contract No	N6247004RP00215	Rent Paid	Code
Orig Contract No	LIC 0 116	Outgrantee	Code
Effective Date	01 JUL 2004 Expiration	Otg Instrument	4 OTHER GOV
	Date 01 JUL 2009		LICENSE/PERMIT

Other Utilizations on this Outgrant Contract:
Inst UIC Prop No Facility Name

Fac No Use CCN



APPENDIX F: ACRONYMS

Acronym	Acronym Expansion
AC/S	Assistant Chief of Staff
ADP	Automated Data Processing
APR	Acquisition Property Record
ARP	Activity Record Printout
BOD	Beneficial Occupancy Date
BFRL	Basic Facility Requirement List
CBC	Construction Battalion Center
CIP	Construction-in-Process
CMC	Commandant of the Marine Corps
CPV	Current Plant Value
CNI	Chief of Naval Installations
DE	Data Element
DEAR	Data Element Analysis Record
DEIS	Defense Energy Information System
DoD	Department of Defense
DPAS	Defense Property Accountability Systems
DR	Disposal Record
EE	Engineering Evaluation
EFD	Engineering Field Division
EPG	Electronic Project Generator
FACD	Function Analysis Concept Development
FAIDS	Facilities Acquisition Inventory Data Sheet
FPD	Facility Planning Document
FPMR	Federal Property Management Regulations
FRP	Facilities Requirement Plan
GDM	General Development Map
GIS	Geographic Information System
PP&E	General Property, Plant and Equipment
GSA	General Services Administration
HQMC	Headquarters, Marine Corps
HUD	Department of Housing and Urban Development
HVAC	Heating, Ventilation, and Air-Conditioning
IC	Investment Category
I&E	Installations and Environment
I&L	Installations and Logistics
iNFADS	Internet Navy Facility Assets Data Store
IR	Ingrant Record
LANTDIV	Atlantic Division
MAGIC	Master Activity General Information and Control
MCAS	Marine Corps Air Station
MCFPPS	Marine Corps Facilities Planning and Programming System
MCB	Marine Corps Base
MCP	Management Control Point
MILCON	Military Construction
NAVFAC	Navy Facilities



Acronym	Acronym Expansion
NAVCOMPT	Comptroller of the Navy
NAVFACENGCOMHQ	Naval Facilities Engineering Command Headquarters
NCF	NAVCOMPT Form
NFA	Navy Facility Assets
NFAMS	Navy Facility Assets Management System
NITC	NAVFAC Information Technology Center
OICC	Officer-in-Charge of Construction
OMB	Office of Management and Budget
OPNAV	Office of the Chief of Naval Operations
OR	Outgrant Record
OSD	Office of the Secretary of Defense
PR	Property Record
P&R	Programs and Resources
PWC	Public Works Center
RESM	Real Estate Summary Map
RFA	Accounting and Financial Systems Branch
RJE	Remote Job Entry
ROICC	Resident Officer-in-Charge of Construction
RPI	Real Property Inventory
SA	Special Area
SECNAVINST	Secretary of the Navy Instruction
SFPS	Shore Facilities Planning System
SHPO	State Historic Preservation Office
SIOH	Supervision, Inspection and Overhead
UCD	Usable Completion Date
UEPH	Unaccompanied Enlisted Personnel Housing
UIC	Unit Identification Code
UOPH	Unaccompanied Officer Personnel Housing



Naval Audit Service



Independent Attestation Report



Agreed-Upon Procedures Attestation Engagement of Marine Corps Real Property Financial Statement Information

*Releasable outside the Department of the Navy
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N2007-0031

7 May 2007

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DEPARTMENT OF THE NAVY
NAVAL AUDIT SERVICE
1006 BEATTY PLACE SE
WASHINGTON NAVY YARD, DC 20374-5005

7510
N2006-NFA000-0028.000
7 May 2007

MEMORANDUM FOR COMMANDANT OF THE MARINE CORPS (RFR)
DEFENSE FINANCE AND ACCOUNTING SERVICE,
KANSAS CITY CENTER

Subj: **AGREED-UPON PROCEDURES ATTESTATION ENGAGEMENT OF
MARINE CORPS REAL PROPERTY FINANCIAL STATEMENT
INFORMATION (INDEPENDENT ATTESTATION REPORT N2007-0031)**

Ref: (a) NAVAUDSVC memo 7510/N2006-NFA000-0028.000, dated 5 Sept 2006
(b) NAVAUDSVC memo 7547/HQMC (P&R) (PP&E) AUP No.1,
dated 19 Sept 2006
(c) SECNAV Instruction 7510.7F, "Department of the Navy Internal Audit"

1. Background. We have completed the subject attestation engagement, announced by reference (a), and are providing the attestation report in accordance with reference (b). We performed the engagement based on procedures agreed upon by the Assistant Deputy Commandant (Programs and Resources (P&R)), U.S. Marine Corps; the Director, Defense Finance and Accounting Service (DFAS) - Kansas City Center (KC); and the Assistant Auditor General of the Navy for Financial Management and Comptroller Audits, to assist in validating Real Property Financial Statement Information for the Marine Corps. The agreed-upon procedures were conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Naval Facilities Engineering Command (NAVFAC) owns and operates the Internet Navy Facility Asset Data Store (iNFADS), which reports real property assets. DFAS-KC is responsible for creating the Journal Voucher (JV) for Marine Corps Real Property. The adequacy of the real property procedures performed is solely the responsibility of Headquarters Marine Corps (HQMC) and NAVFAC. We make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose. The report contains the agreed-upon procedures performed, and the results of performing those procedures, but does not include recommendations.

2. Agreed-Upon Procedures. We agreed to verify that: (1) audit trails and internal controls exist for Marine Corps Real Property financial statement information; and (2) corrective actions have been taken on deficiencies noted in the Department of the Navy (DON)/Marine Corps Financial Improvement Plan, and the Marine Corps Strategic Plan.

3. Limitations. We reviewed the Marine Corps Third Quarter 2006 Data Collection Instrument (DCI) submission to the DON's Balance Sheet information for the General

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Property, Plant, and Equipment (PP&E) line item. The Marine Corps Real Property portion of this line item totaled \$3.8 billion. The engagement focused on the following areas: Military Construction (MILCON), Acquisitions, Disposals, Capital Improvement, and Financial Reporting. We performed no work regarding DON's baseline value for real property. The Department of Defense (DoD) Financial Management Regulation capitalization threshold was revised in July 2006 from \$100,000 to \$20,000 for real property. Since DON has not implemented the \$20,000 real property capitalization threshold, the \$100,000 capitalization threshold was used during this engagement.

4. Real Property Process.

a. The Marine Corps real property life cycle begins with construction-in-progress (CIP), maintained and reported by NAVFAC. Upon physical completion of the construction project, the NAVFAC construction agent project manager (Resident Officer In Charge of Construction (ROICC)) prepares a DD Form 1354, "Transfer and Acceptance of Military Real Property," to transfer the property to the Marine Corps. The ROICC uses CIP accounts costs as the basis for the property value. The ROICC is a key participant in ensuring that real property information, within iNFADS, is accurate and reported timely, as well as in providing source documentation to the Marine Corps. Upon acceptance of the DD Form 1354, Marine Corps' Real Property personnel create a facility record by entering information into iNFADS.

b. The Marine Corps process for reporting real property financial information begins with Marine Corps installation Real Property personnel recording the DD Form 1354. Installation Real Property personnel are responsible for identifying, monitoring, maintaining, valuing, and recording real property data in iNFADS by creating a property record card. Without effective communication between the ROICC and Marine Corps Real Property personnel, the potential for errors occurs in the existence, completeness, and valuation of real property financial information. The NAVFAC Information Technology Center (NITC) maintains iNFADS, monitors and updates property record information provided by installations, and reports the real property data to the Navy Office of Financial Operations (FMO) via DCI/DCM (Data Collection Module).

5. Summary of Results.

a. We found that, while audit trails exist within iNFADS for the real property transactions tested, source documentation remains a weakness, and opportunities exist to improve internal controls. Table 1 summarizes the results of the procedures performed for each aspect of the Marine Corps Real Property Financial Statement Information, and Tables 3 and 4 detail the source documentation and internal control weaknesses identified by testing. Although the iNFADS system processes are adequate, the lack of source documentation and weak internal controls impact the financial statement assertions. Table 5 summarizes the effect of internal control weaknesses on the financial statement assertions.

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b. We also found that the Marine Corps took actions to correct identified deficiencies cited in the Marine Corps Executive Financial Improvement Plan (FIP). Table 2 summarizes the results of the procedures performed. To verify whether actions taken had corrected the identified deficiencies, we conducted tests of audit trails and internal controls for those aspects of real property. Except for the financial system audit information (Sections 8-18), the validation package was compliant with the Office of the Undersecretary of Defense (Comptroller) (OUSD (C)) checklist criteria.

Table 1. Summary of Test Procedures Performed		
Audit Trail, Internal Control, Corrective Action, and Validation Package Test Procedures Performed	Results	
	Yes	No
Determine whether audit trails exist within iNFADS for Financial Reporting of Real Property :	-	-
Audit trail exists for Acquisitions	X	
Audit trail exists for Capital Improvements	X	
Audit trail exists for Disposals	X	
Automated interface exists for Financial Reporting to the DCI/DCM		X
Determine whether audit trails exist at the installation level by maintaining source documentation (i.e. DD 1354, purchase orders, etc) of real property.		X*
Determine whether installations are reconciling real property transactions.		X
Determine whether installations are properly monitoring real property data in iNFADS for accuracy.		X
Determine if inventories are performed every 5 years as required and documented.		X
Determine whether corrective actions have been taken and documented on deficiencies noted in DON/Marine Corps Financial Improvement Plan.	X	
Determine if the validation package is complete and compliant with OUSD(C) requirements for Sections 1-4 and 7 (Processes, Documentation of Audit Support, Organizational Information, and Contacts).	X	
Determine if the validation package is complete and compliant with OUSD(C) requirements for Sections 5-6 (Documentation of Corrective Actions).	X	
Determine if the validation package is complete and compliant with OUSD(C) requirements for Sections 8-18 (System Audit Information).		X

*In Fiscal Year (FY) 2006, HQMC implemented steps to improve the retention of source documentation.

6. Corrective Actions.

a. We reviewed FIP to determine whether appropriate corrective action had been taken on the weakness identified within the plan that would preclude the Marine Corps from accurately reporting real property information. The plan was developed to achieve an unqualified opinion on DON financial statements.

b. We obtained evidence that specified corrective actions were taken by the Marine Corps for the material weakness identified within FIP, and summarized in Table 2 below. This weakness was identified as a finding in prior audit reports. No recommendations

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were directed to the Marine Corps. These reports included DoD Inspector General (DoDIG) Report (D2006-072), “Internal Controls related to Department of Defense Real Property,” and Report (D2000-172) “Accuracy of the FY 1999 Additions, Deletions, and Modifications to the Military Departments’ Real Property Databases;” and Naval Audit Service Report (N2000-0033), “DON Principal Statements for FY 1999: Reporting of Real Property.”

Table 2: Corrective Actions	
Material Weakness	Corrective Actions taken by HQMC
The value of DON General PP&E is not reliably reported due to lack of supporting documentation.	HQMC developed a standard business process and standard operating procedure (SOP) dated 19 December 2005. The real property SOP identifies and documents the processes and procedures necessary for deriving the real property financial statement line item balance. HQMC provided installations iNFADS training and guidance on the importance of maintaining source documentation (i.e. DD 1354).

c. To verify whether actions taken in Table 2 corrected the identified deficiencies, we conducted tests of audit trails and internal controls for those aspects of real property. The purpose was to determine whether Marine Corps installations are maintaining supporting documentation, and to determine whether internal controls, processes, and systems generate auditable transactions that can be traced to detailed supporting material.

7. Results of Audit Trails and Internal Controls Testing.

a. We reviewed real property data within iNFADS, and determined that the system provides audit trails for acquisition, capital improvement, and disposal transactions. Although iNFADS has the capability to track and report real property financial information, it does not interface with the DoD general ledger systems. In addition, we reviewed real property internal controls at four installations and determined that opportunities for improvement exist to support the existence, completeness, valuation, and rights and obligations of real property. The test procedures performed, and corresponding results, are discussed below in Tables 3 and 4.

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Table 3: Audit Trail Test Results

Areas Tested for Audit Trails and Source Documentation	Test Results
Audit Trails Within iNFADS: We reviewed iNFADS to determine if audit trails exist and are maintained to support the financial statement amounts.	We determined that iNFADS has audit trails, which allow the tracing of transactions by action type and installation. iNFADS also maintains a summary of real property financial statement information. However, iNFADS is a subsidiary ledger and does not interface with the Navy or Defense financial general ledger systems.
Source Documentation: (Rights and Obligation and Valuation) We tested whether source documentation is maintained to support the valuation of Real Property Assets and rights of obligation.	We determined that Marine Corps installation real property personnel did not maintain source documentation for many of the transactions reviewed. We judgmentally selected 62 transactions from iNFADS to test for source documentation. Of the 62 transactions reviewed, 19 DD Forms 1354s, and 11 corresponding contracts, were provided to support the valuation and rights of obligation of real property. No source documentation was provided for the remaining 43 transactions reviewed. Seventeen of the 62 transactions selected were FY 2006 transactions. Of those transactions, 10 DD Forms 1354, and 9 corresponding contracts, were provided. We noted that 5 of the 17 transactions occurred prior to the installation receiving training. This occurred because the ROICCs are not consistently providing the DD Form 1354 to the Marine Corps installations. NAVFAC mandated the use of the form in August 2005.
Valuation: We tested real property values recorded in iNFADS to determine whether the amount agreed with corresponding contracts.	We determined that real property values were not properly recorded in iNFADS, resulting in a net understatement of about \$1.2 million. This occurred because Marine Corps personnel were not receiving all modification data from the NAVFAC ROICC office.
Capitalization Threshold: We tested whether real property assets were capitalized at DON's threshold of \$100,000.	We determined that the selected real property transactions were being capitalized at DON's threshold of \$100,000. We selected 62 transactions from iNFADS for review.
Capital Improvements & Repairs: We conducted tests to determine whether maintenance and repairs performed were correctly categorized and expensed, and whether capital improvements were being reported.	We determined that repairs and capital improvements were categorized and reported correctly. We reviewed work requests listed in MAXIMO, DON's work request system, to determine if maintenance and repairs were reported as capital improvements. Also, we reviewed capital improvement transactions to verify whether or not those transactions should be expensed. No exceptions were found.
Disposals: We conducted tests to determine whether disposed facilities were removed from iNFADS within 10 working days after disposal, and if documentation was retained.	We could not determine whether disposed facilities were removed from iNFADS as required. No source documentation for disposals was being maintained by Marine Corps installations. This occurred because ROICC and disposal personnel did not provide source documentation to the activity to support disposals. In FY 2007, NAVFAC provided guidance on the process to complete a DD Form 1354 for disposals.

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Table 4: Internal Control Test Results

Areas Tested for Internal Controls	Test Results
<p>Inventories: We tested to determine whether inventories were performed every 5 years as required and documented.</p>	<p>We determined that documentation supporting performance of real property inventory every 5 years did not exist. We requested documentation from the installations visited to verify that inventories are performed every 5 years. Of the installations visited, none provided documentation to support that inventories were performed as required. Documentation only existed for inventories performed for critical facilities, which is an annual requirement.</p> <p>This occurred because no process existed for documenting inventories performed. There is still no process in place.</p>
<p>Reconciliation: We conducted tests to determine whether monthly reconciliations were performed on balances reported in iNFADS.</p>	<p>We determined that monthly reconciliation of real property was not being performed or documented. Installations are required to reconcile property record cards monthly against the transaction ledger report that is published on the iNFADS website.</p> <p>Marine Corps Real Property personnel advised that they were unaware of the requirement listed in their standard operating procedures.</p>
<p>Monitoring: We conducted tests to determine whether monitoring of the controls of Marine Corps Real Property processes and procedures was being performed.</p>	<p>We determined that Marine Corps personnel responsible for assuring proper execution of real property processes were not performing some duties as required. Resource Evaluation and Analysis (REA) personnel are responsible for assuring real property inventories are conducted, and ensuring that proper documentation is collected and maintained. These duties were not being performed as required.</p> <p>This occurred because REAs received Marine Corps guidance in April 2006 and had not fully implemented the requirement. Full implementation has not yet occurred.</p>
<p>We tested whether acquisition and capital improvement real property data was entered in iNFADS within 10 working days after receipt of the DD Forms 1354.</p>	<p>We determined that Marine Corps installation personnel were, for the most part, entering the acquisition and capital improvement data in iNFADS in a timely manner. We found that of the 19 DD Forms 1354s provided, 18 were entered in iNFADS within 10 working days as required. It is noted that 12 transactions, although entered timely after receipt of the DD Form 1354, were posted in iNFADS after 90 days of the beneficial occupancy date.</p> <p>This occurred because the ROICCs were not consistently providing the DD Form 1354 to Marine Corps Real Property personnel in a timely manner.</p>
<p>Existence & Completeness: We tested for existence and completeness, of Marine Corp Real Property at four installations visited.</p>	<p>We determined that facilities recorded in iNFADS existed, and that the data within the system was complete. For existence testing, we judgmentally selected 160 facilities from the iNFADS real property database and verified that the facilities existed by tracing the facilities to their physical location. Of the 160 facilities reviewed for existence, 159 were found. The exception noted, was a facility which was disposed of after the 30 June 2006 data was submitted.</p> <p>For completeness testing, we selected a total of 58 facilities during our site reviews. We judgmentally selected facilities (i.e. site backs) at each location where we performed existence testing, and traced the selected assets back to the real property database to verify that the installations included the facility within the iNFADS database. No exceptions were found.</p>

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b. Based on the audit test results described in Tables 3 and 4, we determined that sufficient internal controls are not in place to provide reasonable assurance that real property financial statement information is correctly reported. Table 5 presents the financial statement assertions impacted by these internal control weaknesses.

Table 5. Effects of Internal Control Weaknesses on the Financial Statement Assertions					
Internal Control Weaknesses	Existence	Completeness	Valuation	Rights and Obligations	Presentation and Disclosure
Inventories not performed	X	X	X	X	X
Property value errors			X		X
Supporting documentation not available	X	X	X	X	X

8. Validation Package.

a. The Validation Package Guidance Checklist prepared by OUSD(C) was designed to help commands prepare for audits by providing and organizing the information needed for financial statement audits. The validation package for the Marine Corps Real Property Financial Statement Information line item consists of 18 sections that correspond to the multiple requirements of the OUSD (C) Checklist in the Financial Improvement Initiative Business Rules, dated 23 June 2004. The validation package is required to include key documented processes and flowcharts, general ledger audit trails, evidence of corrected material weaknesses, and financial system information for auditing purposes.

b. Sections 1-4 and 7 of the OUSD (C) Checklist direct commands to identify complete procedures, processes, audit trails, and points of contact from field level to departmental level for the line item in question. Sections 5 and 6 direct commands to complete and document all corrective actions noted in the Financial Improvement Plan for material weaknesses related for balances being asserted. Finally, Sections 8-18 direct commands to identify and obtain the system audits (Federal Information Systems Controls Audit Manual (FISCAM) or Statement on Auditing Standards (SAS) 70/88) for those systems that play a role in the financial reporting process of the line item. If a system audit has not been performed, the commands are directed to provide comparable system information within their validation package.

c. Except for the financial system audit information (Sections 8-18), the validation package was compliant with the OUSD (C) Checklist criteria. iNFADS has not had a FISCAM or SAS 70/88 audit; therefore, comparable system information is required. Sections 8-18 did not provide the necessary detailed financial system audit information

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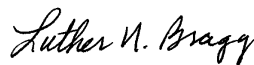
for 4 of 11 tabs. Missing information included a description of the system and end user locations; location of system documentation; a description of the type, dollar value, and number of transactions processed; and a description of ongoing or planned system reviews, as well as completion dates. HQMC was responsible for developing and submitting the validation package for review. The necessary detailed financial system information was not contained within the validation package because iNFADS is owned and operated by NAVFAC.

9. We were not engaged to and did not conduct an audit of the subject matter. The objectives of an audit would have been to express an opinion, or provide limited assurance or disclaimer on the subject matter. Accordingly, we do not express such an opinion, provide negative assurance, nor consider materiality. If we had performed additional procedures, other matters might have come to our attention that would have been reported. If the results of the procedure warrant concerns sufficient for an audit, then HQMC (P&R) may request the performance of an audit.

10. This report is intended solely for the information of, and use by, HQMC (P&R) and other specified parties, and is not intended to be, and should not be, used by anyone other than these specified parties.

11. The Auditor General of the Navy must approve any requests for this report under the Freedom of Information Act.

12. We appreciate the cooperation and courtesies extended to our auditors.



LUTHER N. BRAGG
Assistant Auditor General
Financial Management and Comptroller
Audits

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